Weekend
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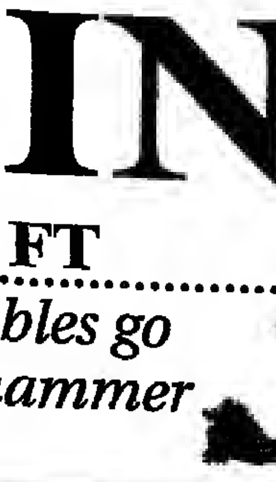
FINANCIAL TIMES



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German nobles go under the hammer

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Road test for a racer

World Business Newspaper WEEKEND OCTOBER 7/OCTOBER 8 1995 D8523A

Nato chief faces new pressure over corruption claims

Nato secretary-general, Willy Claes, was expected to come under new pressure to resign his post after Belgium's highest court requested permission from parliament to indict him on corruption charges. The news could unsettle the 16-nation defence alliance at the centre of attempts to negotiate peace in Bosnia. Nato puts future on line, Page 2

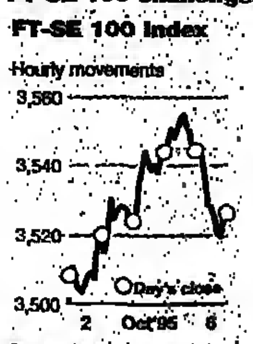
Scottish Power wins battle for Manweb: British electricity supplier, Scottish Power, won a £1.1bn ($1.7bn) battle for control for regional electricity company, Manweb, after gaining just over 60 per cent of the shares. It is the third successful bid for a UK regional electricity company and will create the first group to combine electricity generation with distribution in England and Wales. Bid that sparked a trend, Page 5

Sixth French bomb injures 12: A canister bomb exploded in a litter bin outside the Maison Blanche Metro station in Paris, injuring 12 people. Seven people have been killed and more than 130 injured in six bomb attacks in Paris and the Lyon region since July 25.

Boeing hit by machinists' strike: Machinists at Boeing, the world's leading aircraft maker, began an indefinite strike after rejecting the company's terms for renewing their three-year contract, but the US company vowed to continue manufacturing aircraft. Page 22

FT-SE 100 challenges record high:

FT-SE 100 Index



Source: Reuter

London's FT-SE 100 index, which earlier in the week had looked like challenging its all-time high point reached last month, closed a net 17.9 lower yesterday at 3,526.5. Over the week the FT-SE 100 rose 18.3, or half of one percentage point, mirroring a rapid recovery in Wall Street which had been troubled by nervousness over currencies and ahead of this weekend's G-7 meeting in Washington. London stocks, Page 8

UK brothers buy Ritz for $116m: The Ritz, the historic London hotel patronised by royalty and used as a wartime refuge for foreign governments, was bought by UK property tycoons, David and Frederick Barclay, for £75m ($116m). Page 22 and Lex: Potential in a famous name, Page 6

Japan to cut EU car quota: The European Union and Japan have agreed to cut this year's quota for Japanese car and light truck imports to the EU from 1,105,000 to 1,071,000, because of weaker than expected demand. Page 2

RWE, Germany's largest utility group, will increase its dividend 18 per cent rise in net profit for the year ending June 30, DM923m to DM1.06bn ($755m). Page 6

EU extends cheap drugs ban: The European Commission bowed to pressure from the pharmaceutical industry and extended until the end of the year a ban on the export of lower-priced Spanish and Portuguese drugs to other countries. Page 22

Nissan Motor, Japan's second-largest car maker, said its interim non-consolidated loss for the first half to end-September would be about Y8bn ($89.6m), not the Y30bn initially estimated. Page 6

Daiwa Bank's problems deepened with fresh allegations about its $1.1bn loss in alleged fraudulent bond trading at its New York branch. Page 3

BBC signs Spielberg deal: BBC Television has signed a five-year deal to premiere up to 40 new movies to be made by Steven Spielberg's DreamWorks SKG studio over the next five years.

Prosecution opens case against West: Briton Rosemary West, from Gloucester, western England, and her husband Fred were a sexually perverted couple who abused young women before killing and dismembering them, the prosecution said in its opening statement. Mrs West, 41, is accused of murdering 10 women. Her husband died in jail earlier this year.

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Unisys to split operations into three businesses

US computer group expects $400m of cost savings and further job cuts

By Louise Kehoe in San Francisco

Unisys, the US computer group formed in 1986 by the merger of Burroughs and Sperry Univac, is to split its operations into three independent businesses, scrapping its complex management structure.

The streamlined structure, which will be in place by early next year, will lead to cost savings of about $400m by the end of next year, Unisys said.

The company, which shed about 4,000 jobs last year, said it would further cut its workforce but did not know how many jobs would be affected. A "significant", as yet undefined, charge will be taken against earnings in the fourth quarter to December this year.

The move is the latest in a series of restructuring efforts over the past four years as the company has struggled to improve its financial performance by focusing increasingly on growth opportunities in computer services rather than on its declining mainframe systems business.

Unisys returned to profitability in 1992 after three years of heavy losses. However, the company reported sharply lower net profits last year of abont $100m.

Mr James Unruh, chairman and chief executive, insisted that the restructuring was not a change in strategy, but it would substantially affect the way the company operated.

Under the plan, Unisys will be split into threa business units: computer systems, including hardware and software products; information consulting and helping companies to create computer networks; and global support, which includes maintenance and support services. Each unit will have its own marketing and sales organisation as well as responsibility for its own financial performance.

Mr Unruh said the matrix management structure – with a single sales force and integrated marketing operations – which the company had previously adopted had been necessary when new businesses were being huilt, "but to move forward successfully requires speed and flexibility".

Over 40 per cent of Unisys's business was now growing at donble digit rates, Mr Unruh said. "These new businesses are now large enough and mature enongh to he largely self-sufficient in their structure."

Unisys's service businesees now account for about half of its revenues, which were $6bn in 1994.

Wall Street reacted positively to the restructuring announcement. Unisys stock was trading at $8⅝ late yesterday, up from Thursday's close of $7⅞.

Franc hit by Juppé resignation fears as PM quits home

By David Buchan in Paris

Mr Alain Juppé, the French prime minister, announced yesterday that he and his children would move out of their city-owned flats in Paris in an attempt to ward off allegations that he abused his past position as the city's deputy mayor to house his family.

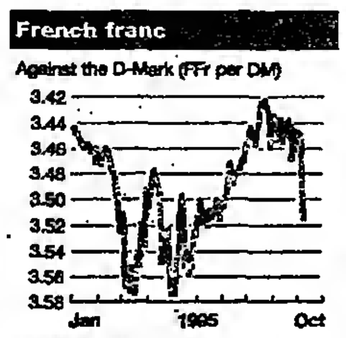
He made the announcement at the end of a day in which the Bank of France tightened lending to halt a slide in the franc caused by rumours that he might resign as the result of a deepening legal probe into the housing affair.

Mr Juppé's office denied that he had any intention of resigning, but he would be expected to take that step if the Paris prosecutor placed him under formal investigation.

The central bank narrowed its "repurchase" lending facility from 5-10 days to 24 hours, reducing the period over which short-term funds can be borrowed in a bid to increase uncertainty for borrowers speculating against the franc. The Bank of France last took this step when the franc came under pressure in March during the presidential election campaign. Yesterday's drop in the franc, which lost 4 centimes to close at FFr3.5110 to the D-Mark, was sparked by confirmation from the Paris prosecutor's office that it had opened a "preliminary" investigation into the allegations surrounding Mr Juppé's apartment. By moving himself and his children, the prime minister said he hoped to "turn the page" on the housing allegations, which had "deeply wounded" him.

French franc

Against the D-Mark (FFr per DM)



Source: FT Extel

His move followed police questioning yesterday of a former city employee on his testimony that Mr Juppé had, as deputy mayor, exercised effective control over allocation of apartments.

The Association for the Defence of Parisian Taxpayers (ADCP) has asked the prosecutor to investigate Mr Juppé for improper interference in public administration for awarding himself in 1989 an apartment, which was renovated at a cost of FFr1m and re-let at a rent of FFr12,000 a month.

These developments come at a bad time for Mr Juppéwho, with President Jacques Chirac, has plummeted in the opinion polls.

Mr Juppé has pledged to cut budget and welfare deficits sufficiently within the next two years to qualify France for European monetary union. But unions have called a general 24-hour strike in the public sector next Tuesday in protest at his plan to freeze public pay next year.

This will underline his difficulty in persuading the country of the need for austerity and also shake the confidence of the financial markets in his measures.

However, the markets took renewed rumours about Mr Juppé's possible resignation badly because they believe France would stand an even worse chance of cutting its deficits under possible successors.

Currencies, Page 10

Pope John Paul II, on a visit to the US, celebrates mass at the Aqneduct Racetrack in New York in front of a crowd of 75,000 Picture: AP

Eurotunnel suffers heavy loss in first half

By Geoff Dyer and William Lewis in London and Andrew Jack in Paris

Eurotunnel yesterday fired the opening shot in negotiations with its banks as it disclosed higher-than-expected losses for the first half of the year.

Sir Alastair Morton, co-chairman of the Anglo-French operator of the Channel tunnel, rejected a debt-for-equity swap as a solution to the financial crisis which forced the company to suspend interest payments on £8bn ($12.4bn) of debt last month.

Interim pre-tax losses were £464.5m for the six months to June 30, against analysts' expectations of between £300m and £400m.

In a statement that will bring some relief to Eurotunnel's shareholders, who would see their holdings diluted under a debt-for-equity swap, Sir Alastair said: "We will not propose a massive debt-for-equity swap and the banks have not proposed it to us." However he conceded that a swap could not be ruled out as a "last option".

The company intends to present a restructuring plan to its 225 banks by the end of January. It said the plan would need the approval of all the banks. The

Continued on Page 22
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Boeing hit as 34,000 workers begin strike over contracts

By Michael Skapinker, Aerospace Correspondent

About 34,000 workers at Boeing, the world's leading aircraft maker, yesterday began an indefinite strike bnt the company vowed to continue manufacturing.

The strike, by the US company's biggest union, comes when Boeing is fighting a strong competitive challenge from Airbus Industrie, the European manufacturing consortium. Airhus last year won more orders than Boeing for the first time, but the US group is likely to be comfortably ahead this year.

The International Association of Machinists and Aerospace Workers, representing about a third of Boeing's 105,000 employees, began the strike after rejecting terms for the renewal of their three-year contract.

Boeing said yesterday that it would keep its factories open using supervisory staff and non-striking employees. It had planned to make 235 aircraft this year, of which 170 had already been delivered. The strike would inevitably affect production plans, the company said, but it would continue to work on the remaining 65 aircraft as long as it could. But Boeing acknowledged: "Without a third of the work-force, there's going to be some impact."

In the first six months of this year, Boeing won 149 orders, compared with 59 received hy Airhus. Airhus yesterdey said lead times in the industry were too long for any manufacturer to increase production to take advantage of a temporary interruption in the output of a competitor.

The Boeing workers' contract would have raised average hourly weges from $20.37 to $22.16 over three years, the company said. The average worker would also have received $3,400 in lump sum payments over the contract period.

Boeing added that the contract increased employee health insurance premiums but there was also another health plan which was free to staff. The union was unavailable for comment.

Boeing said it had informed customers of the latest strike, but had no plans to resume negotiations with the union.

STOCK MARKET INDICES

FT-SE 100:	3,526.5	(-17.9)
Yield	4.0	
FT-SE Eurotrack 100	1,401.81	(-20.82)
FT-SE-A All-Share	1,743.38	(-0.4%)
Nikkei	18,506.28	(+285.87)
New York: lunchtime		
Dow Jones Ind Ave	4,769.93	(+7.22)
S & P Composite	583.29	(+0.66)

■ LONDON MONEY

3-mo Interbank	6¾%	(6$\frac{25}{32}$%)
Life long gilt fut	Dec105$\frac{27}{32}$	(Dec105$\frac{21}{32}$)

■ US LUNCHTIME RATES

Federal Funds:	5$\frac{11}{16}$%
3-m Treas Bills: Yld	5.45%
Long Bond	105$\frac{27}{32}$
Yield	6.427%

■ NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$15.705	(15.665)

■ GOLD

New York Comex Dec	$386.1	(385.1)
London	$383.10	(383.2)

■ STERLING

New York lunchtime:		
$	1.5835	
London:		
$	1.5909	(1.5825)
DM	2.2559	(2.2631)
FFr	7.9278	(7.8485)
SFr	1.8156	(1.8186)
Y	159.271	(158.986)
£ Index	85.1	(85.0)

■ DOLLAR

New York lunchtime:		
DM	1.423	
FFr	4.99445	
SFr	1.445	
Y	100.53	
London:		
DM	1.427	(1.4301)
FFr	5.0149	(4.9596)
SFr	1.1485	(1.1492)
Y	100.75	(100.45)
$ Index	92.8	(same)
Tokyo close Y 100.30		

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Alliance plays for high stakes by taking on task of policing a settlement

Nato puts future on the line in Bosnia

By Bruce Clarke in Williamsburg, Virginia

The Nato alliance, which has been struggling to define its role since the Soviet collapse, has set itself a formidable challenge by accepting the task of policing a Bosnia settlement.

If it succeeds, it will prove to a sceptical world that its efficiency as a multinational fighting machine makes it well qualified to discharge "out of area" military missions at the United Nations' behest.

If it fails – or if the cost of remaining in Bosnia proves too high for a nervous US public during a presidential election year – then the whole principle of US-European military co-operation could be threatened.

Mindful of the high stakes, Nato defence ministers have been trying, at a meeting in Williamsburg to nail down the terms on which they will deploy up to 70,000 troops.

The operation cannot begin unless forthcoming negotiations in Washington between the ex-Yugoslav republics bear fruit. On balance, most of the ministers in Williamsburg do expect the US diplomatic efforts to succeed.

They want Nato to have maximum freedom of action in military activity, while leaving humanitarian and reconstruction tasks to the UN and other civilian agencies.

The Nato mission should have a clear time limit of one year, and the settlement, including the contours of the Serb zone of Bosnia, should be as precise as possible.

The "implementation force" – known as I-FOR – could only function if the peace agreement enjoys the strategic consent of the main parties to the conflict. Nato officials say, in practice, this means Nato would take on maverick commanders who misbehaved in particular places, but not fight a full-blown war against any party.

The terms in which Nato officials discuss the operation make it clear that for all the high-minded talk among international mediators about preserving a single, multi-ethnic Bosnia, they are preparing to police a de facto partition.

The Nato force's tasks will include the establishment of "zones of separation" between the parties which are likely to amount in practice to internal borders. This raises awkward questions about how many refugees could return home.

Once the political green light is given, the Nato force is expected to deploy quickly: its nucleus, the British-led command centre of the Allied Rapid Reaction Corps, would be transferred from Germany to Bosnia within 72 hours.

But military might alone will not be enough to guarantee the alliance success in negotiating the political problems it is bound to face – starting with the problem of how neutral it can really be.

On the face of things, Nato's brief will be to "react against any party which violates the ceasefire" and set aside the previous sympathies of member states. Yet even as the force gets to work, at least one member – the US – may be intensifying its efforts to boost the strength of the Moslem-led Bosnian army.

Mr William Perry, US defence secretary, has said Washington will try to promote a general "build down" of arms in the conflict zone, but if this fails, then the US and other countries would work to "professionalise" the Bosnian army.

European members of Nato have queasily accepted this formula, on condition that every effort be made to promote disarmament. But it remains unclear whether the US and its allies are really on the same wavelength.

British and French officials accept in theory, at least, the principle that the Moslem-led forces are at a disadvantage compared with the Serb-dominated Yugoslav army or the forces of Croatia, and that some case exists for correcting this imbalance.

US officials, by contrast, speak of helping the "federation army": in other words, both sides of the fragile Croat-Moslem coalition which was stitched together last year.

The deep US commitment to Croatia, and the vital role which Croatia will play in providing infrastructure for the I-FOR, raise questions about how tough Nato could ever be with forces under Zagreb's control if they violated the ceasefire.

Russia, which has traditional ties to the Serbs, is prepared to offer soldiers for a multinational force in Bosnia to enforce a possible peace settlement, a Russian envoy told AP in Rome.

"Russia is prepared to participate in a multinational force to implement the peace accords," Mr Igor Ivanov, Russia's vice-minister for foreign affairs, said after talks in the Italian capital with Mr Richard Holbrooke, the US peace envoy, and other officials.

Mr Ivanov gave no details about the size of the force Russia could send, nor did he outline any demands for its leadership. Nato commanders have said Russia objects to placing its soldiers under command of the western alliance.

Mr Holbrooke said the possible peacekeeping force "will include non-Nato nations", but did not say which ones.

The Rome meetings, which began after Mr Holbrooke arranged a Bosnian ceasefire pact on Thursday, focused on ways to make peace permanent in the region.

Participants included representatives from Bosnia, Croatia and Yugoslavia as well as European, Japanese and Canadian officials. Mr Holbrooke noted that the truce, set to begin on Tuesday, was just a first step in ending the 3½-year civil war.

Peace talks, scheduled to begin in the US on October 25, will now be delayed until about October 30, US officials said.

"Let no one think that peace is imminent or around the corner or that the peace talks will produce immediate results," Mr Holbrooke said.

One obstacle is eastern Slavonia, a small swathe of land seized from Croatia by rebel Serbs in 1991. Serbs agreed in principle earlier this month to return the area, but no date for the transfer has been set.

"This could potentially overshadow and undermine the peace effort in the region," Mr Holbrooke said.

Austrian government teeters

By Eric Frey in Vienna

The conservative Austrian People's party broke off negotiations with its Social Democratic coalition partner on the country's 1996 budget yesterday, pushing the nine-year-old government to the brink of collapse.

Mr Wolfgang Schüssel, chairman of the People's party (OeVP), said the latest budget proposals of the Social Democrats (SPOe), senior partner in the coalition, were not acceptable because they did not include sufficient spending cuts.

He said he would rather leave the coalition and would not mind new elections before the end of the year.

Mr Franz Vranitzky, the chancellor and SPOe chairman, rejected talk of a breakdown of the coalition and expects the budget talks to continue today. However, even within his own party, few believe agreement can be reached. The OeVP leadership was meeting last night to discuss further steps.

According to party sources, the conservatives are determined to leave the government. They are not interested in forming a new coalition and reject any co-operation with the right-wing Freedom party of Mr Jörg Haider, who has repeatedly promised to support a OeVP minority government in parliament.

The SPOe could bid for the support of the left-wing Greens and the Liberal Forum, the two smaller opposition parties, but that would not achieve a majority in the 183-seat parliament. This makes elections in December the most likely outcome.

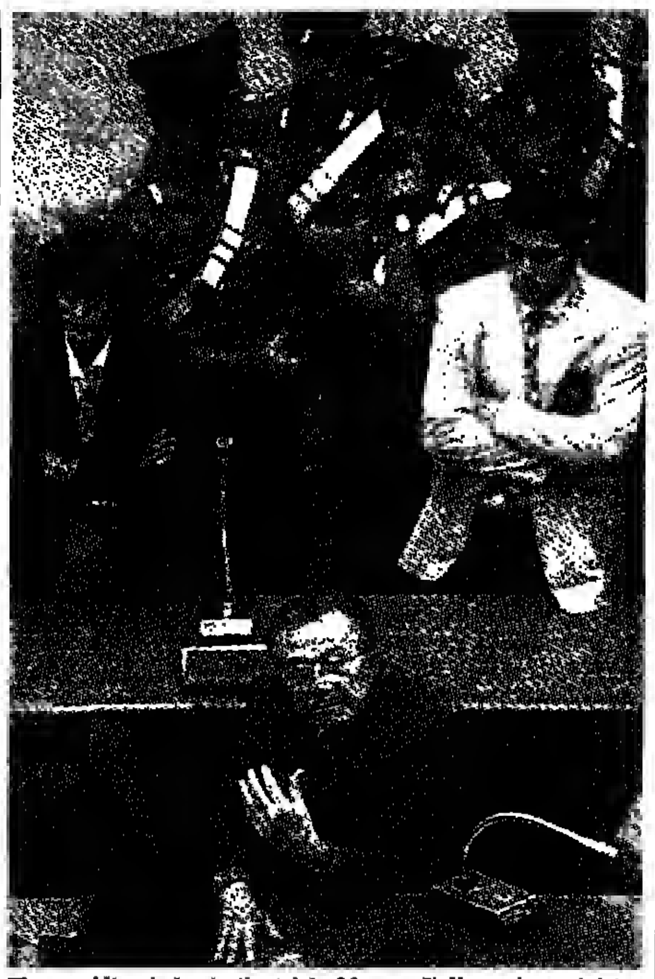
A wild card is Mr Thomas Klestil, the federal president, who has been urging the parties to continue the budget talks and keep the coalition together. He could delay the dissolution the parliament, but could not prevent it if no functioning government can be formed.

The relations between the SPOe and OeVP have deteriorated ever since both suffered large losses at the last elections in October 1994.

The driving force behind the breakdown is Mr Schüssel, elected leader in February as a compromise candidate, who has proven to be far more decisive than expected. By going for new elections, he is hoping to surpass the Social Democrats and to replace Mr Vranitzky as chancellor. But if the OeVP continues to lose votes, this could pave the way for the charismatic Mr Haider, an unabashed populist, to lead the next government.

Yesterday's events seemed to spell the end of Mr Vranitzky's nine-year term as chancellor. He has been losing popularity in recent months and has ruled out any other coalition than with the OeVP.

After decades of stability in a political system dominated by the co-operation between the two parties, Austria now seems to be heading into unknown territory.



The presiding judge in the trial of former Italian prime minister Giulio Andreotti on Mafia charges began last night to consider whether proceedings should be moved to Rome. Judge Francesco Ingargiola, presiding over the hearing in Palermo's high-security courthouse, and two other tribunal judges were inspecting papers relating to Mr Andreotti's alleged complicity in the murder of a journalist in Rome in 1979. Yesterday's brief court session was the first since the trial opened at the beginning of last week. Mr Andreotti, pictured above talking to reporters in the courtroom on the opening day, was not present yesterday. AP

Japanese vehicle quotas trimmed

By Emma Tucker in Brussels

The European Union and Japan have agreed to cut this year's quota for Japanese car and light truck imports to the EU, because of unexpectedly weak demand in the 15 member states. The number would fall from 1,105,000 to 1,071,000, said a Commission official, adding that the cut was "theoretical" since Japanese exports would fall well short of that.

The quotas are set under a 1991 monitoring agreement which allows for import ceilings to be negotiated every year based on projections for EU car demand.

The agreement also contains measures aimed at gradually opening up the EU market, with a view to removing all restrictions by the end of 1999.

Liberal critics argue that the quotas are meaningless and should be scrapped since Japanese imports consistently fall short of them.

However, they serve as a comfort to European car producers and also encourage Japanese manufacturers to move production inside the EU.

Brussels forecast in March that the EU car market would grow by 4.3 per cent this year but has since lowered the figure to 1.7 per cent.

The official added that imports from Japan this year were expected to fall about 100,000-150,000 short of the new ceilings, because of sluggish demand in the EU, and also because of the strong yen. Last year imports reached 815,911, considerably short of the 993,000 quota ceiling.

Individually, the quota for France will be reduced from the 89,600 agreed in March to 88,700; Italy's from 56,800 to 55,300; Portugal's from 39,500 to 32,800; Spain's from 42,900 to 40,400; and Britain's 186,300 to 182,700.

The quotas do not cover Japanese cars manufactured inside the Union.

A Commission official said reducing the quotas was of no practical consequence for this year, but there was no desire to scrap them altogether since the situation could change next year.

French trial shines light on murky politics

By Andrew Jack in Lyons

There were no television cameras, no endless months of advocacy, and not even a jury. But the trial on corruption charges of a former mayor of Grenoble has been watched closely for the messages it has for France.

In a stark modern courtroom packed with observers in the Palais de Justice in France's third largeat city, Mr Alain Carignon and his co-defendants yesterday witnessed the last day of hearings before the three judges who plan to reach a verdict hy mid-November.

The trial, which lasted two weeks, has highlighted one of the most significant allegations of political corruption and links to big business to emerge in France in recent years. It says much about the nature of the development of local politica within the country.

It involves Lyonnaise des Eaux, the giant utilities group currently hidding for Northumbrian Water in the UK, and the mayor's awarding to it and a local partner of a contract to supply water to one France's larger cities, allegedly in exchange for a series of bribes.

It also involves Mr Carignon, a man who became one of the most prominent political figures to be placed by a magistrate under investigation for corruption, in his role as communications minister in the government of Mr Edouard Balladur.

Facing additional charges of attempting to interfere with witnesses, last October he also became the first minister since the creation of the Fifth Republic to be held in preventive detention before his court case.

When Mr Carignon was first elected mayor of Grenoble in 1983, he won on his reputation for being young, radical and independent. If the prosecution arguments can be believed, be soon became tarnisbed, swept up in the trappings of power and money.

They allege that, from the mid-1980s, he or those connected to him accepted up to FFr21m (£2.7m) in presents, flights and a large flat in central Paris. Much of this is claimed to have come via a lobbying company called Whip and paid over by Merlin, a local utilities company described by the prosecution as "the Trojan horse" for Lyonnaise des Eaux, which bought Merlin in 1991.

There were also substantial subsidies, it is alleged, to Dauphiné News, a pro-Carignon newspaper which ran into financial difficulties. In exchange for their contributions, Merlin and Lyonnaise were awarded the municipal water contract in 1989.

The men behind Whip, Merlin, Dauphiné News and the former commercial director of Lyonnaise des Eaux are all on trial alongside Mr Carignon, for whom the prosecutor has demanded five years in prison, a FFr500,000 fine and a five-year ban on public office. Their defence is largely one of denial, and of no concrete evidence linking any payments strictly to the award of the water contract.

Carignon: verdict awaited

The broader question for France is whether such scope for potential corruption remains in the award of public service contracts. The early 1980s, which brought considerable devolution of power and money from central government to local authorities, opened up considerable scope for corruption.

A number of measures have since been taken to increase accountability. Laws passed since 1992 have banned political contributions by companies, increased transparency and competition in the award of contracts, and limited the length of time for which contracts can last. Companies such as Lyonnaise des Eaux have also introduced their own ethics codes.

As the recent investigations around Mr Alain Juppé, the prime minister show, there is also the growing power and apparent willingness of judges to launch inquiries, backed by a new sense of indignation in both the media and public opinion.

As for Mr Carignon, he has suggested he will still be keen to run again in the next municipal elections in 2001. But his Gaullist supporters were ousted in the most recent elections in June by the Socialists, who were allied with the ecologist candidate who helped expose the allegations against Mr Carignon.

Furthermore, the new administration is considering taking back into its ownership the operation of water, in the light of prices which local residents have seen rising threefold in the six years since privatisation.

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Debt talks bring capital markets within Russia's reach

Approval of $30bn London Club accord - by no means a foregone conclusion - would have wide implications for Moscow, write **Graham Bowley** and **Chrystia Freeland**

A preliminary deal reached in London this week could herald a restructuring of Russia's commercial debt before the end of the year.

Reached after four years of bumpy negotiations, it must be approved by the Russian government and the commercial creditors. If that happens, it is expected to have wide implications for Russia, increasing the confidence of western investors in the economy and improving Moscow's prospects for borrowing money abroad.

"We are clearly closer to an agreement than ever before," said Mr Jonathan Hoffman, chief economist at CS First Boston in London. "For Russia and the Russians this is going to be a hig step forward for its international creditworthiness."

One of the many casualties of the collapse of the Soviet Union was Moscow's international credit rating. Under Soviet rule, the Kremlin had earned a reputation for paying its foreign bills punctiliously, but when the communist edifice began to crumble in 1991 the USSR defaulted on its loans. Since then, Russia, which inherited the Soviet debt, has not yet reached a new deal with the country's foreign creditors.

The putative agreement concerns what is known as London Club debt – the $30bn or so which Russia owes a group of 600 western commercial banks – on which no repayments, of principal or interest, are currently being made. A restructuring deal is crucial because, without one, Russia is unlikely to be able to borrow on international capital markets.

In an effort to finance its budget deficit without resorting to the traditional practice of simply printing money, the Russian government has launched an ambitious domestic borrowing programme. It would like to supplement the rouble-denominated treasury bills with debt issues aimed at western capital markets.

"It [a London Club deal] is of great importance for the Russians, probably more so than for the commercial banks, if they [the Russians] want to get fresh financing from international markets," said Mr Igor Sitnin, vice-president responsible for emerging markets at the Bank of America in London.

According to the technical agreement reached in London this week the defaulted debt would be restructured into new loans to be repaid over 25 years, with an interest rate of 81.25 basis points (one basis point is one one-hundredth of a percentage point) over the London Inter-Bank Offered Rate (Libor). There would be a seven-year grace period, during which no principle would be repaid.

Russian and western observers see the deal as a shift in Moscow's favour; the commercial banks were pushing for a 20-year rescheduling with a five-year grace period. "Our views have made great progress," said Mr Mikhail Kasyanov, head of the Russian finance ministry's foreign debt department. He said the western commercial banks saw the new terms as "ambitious" but believed they would approve them.

Paradoxically, however, some observers are concerned that Russia could scupper the deal. They fear that the nationalist, anti-western fever which is taking hold of Russia as the country prepares for December parliamentary elections could block an agreement. One rallying point for nationalist objections could be the fact that, under the draft agreement, Russia would fully repay its debt, in contrast with other countries, such as Poland, which were granted generous debt forgiveness when their loans were restructured after the collapse of communism.

"We should not underestimate the political resistance in Russia to the deal," Mr Hoffman said.

If an agreement is not reached before the December 17 elections, some believe it could be years before Russia negotiates a deal. Recent opinion polls suggest that the legislature will he dominated by anti-western communists and nationalists who might thwart an accord with the western commercial banks.

"If we do not get it [a deal] this time, then we can forget about it for a long time," Mr Sitnin said.

If the agreement is approved, Russian debt could rise to prices as high as 45 per cent of face value from its current level of 32.5 per cent, in the view of some analysts. But for now, with Russia's volatile political climate in mind, debt traders are taking a cautious approach.

"The risk that people are looking at now in terms of buying and holding the debt is whether a more anti-western parliament gets put in place," said a trader at a US bank in London. "The move [this week's preliminary agreement] is a step in the right direction, but the big question mark is tha political risk."

NEWS: INTERNATIONAL

'Golden age' economy expanding at stable 2.5% annually after weakness earlier this year

Rise in US jobs points to steady growth

By Michael Prowse in Washington

US payroll employment grew modestly last month, providing further evidence that the economy is returning to a stable growth path after weakness earlier this year.

The Labour Department said non-farm employment rose 121,000 last month, slightly less than Wall Street economists expected. However, following a robust increase of 262,000 in August, the latest figures were consistent with annualised economic growth of about 2.5 per cent, in line with the economy's long-run potential.

The employment gain was sufficient to hold the jobless rate stable at 5.6 per cent, but not large enough to put upward pressure on inflation.

"The economy is gliding along its full-employment ceiling," said Mr Robert Dederick, economic consultant at Northern Trust, a Midwest bank. "Growth is neither too fast nor too slow – the Federal Reserve is getting better news than any central bank deserves."

"This is a 'golden age' economy," said Mr Allen Sinai, chief economist at Lehman Brothers, the New York investment bank, referring to the low joblessness rate, lack of upward pressure on inflation and continuing strength of corporate profits.

The Fed last month decided not to cut interest rates because the economy appeared to be rebounding naturally from sluggish growth in the second quarter when gross domestic product grew at an annualised rate of 1.3 per cent.

While generally encouraging, yesterday's figures showed that job growth remains concentrated in the service sector. Employment in services rose 106,000 last month, with solid gains in retailing and health-care. Construction added 16,000 jobs.

Employment in manufacturing, however, fell 32,000, bringing total job losses since March to 200,000. The sector was forced to cut production earlier this year following an unexpected rise in inventories of unsold goods.

That adjustment, however, is now thought to be largely complete.

Many economists regard job losses in manufacturing as the by-product of a sharp improvement in productivity, which is growing at an annual rate of 2 per cent, twice as fast as in the upturn of the 1980s.

Donors may follow US in cutting contributions to soft loan fund

World Bank fears cash shortfall

By George Graham in Washington

The World Bank plans to ask donor countries for $13bn (£8.3bn) to top up its soft loan fund for the next three years amid severe doubts about the willingness of donors to provide funds.

Faced with the certainty of a sharply reduced US contribution, Bank officials are trying to draw up a scheme they hope to finalise in Luxembourg next month that will prevent other countries from slashing donations by the same proportion.

Senior finance ministry officials are to meet in Washington next Thursday to discuss the 11th replenishment of the International Development Association, the World Bank arm which lends at 0.5 per cent interest to the poorest nations.

One day earlier, delegates from the US Senate and House of Representatives will meet to draw up a compromise foreign aid budget for the next 12 months. The best the Clinton administration officials hope for from this meeting is a payment of $775m towards the US pledge for the current round of IDA, known as IDA-10. That would leave the US $933m in arrears on its current IDA promises and the prospects of further commitment to IDA-11 remote.

World Bank officials have surveyed the borrowing needs of the 76 countries with incomes below $865 a head eligible to borrow from IDA and estimate they will need 15.3bn special drawing rights (£14.43bn) over the three years from July 1 next year.

But about SDR6.3bn can be found from money carried over from the current IDA round, Bank profits and repayments on earlier IDA loans.

That leaves SDR9bn to be found from donors, a sharp reduction from the SDR12.5bn raised in the 10th IDA replenishment three years ago.

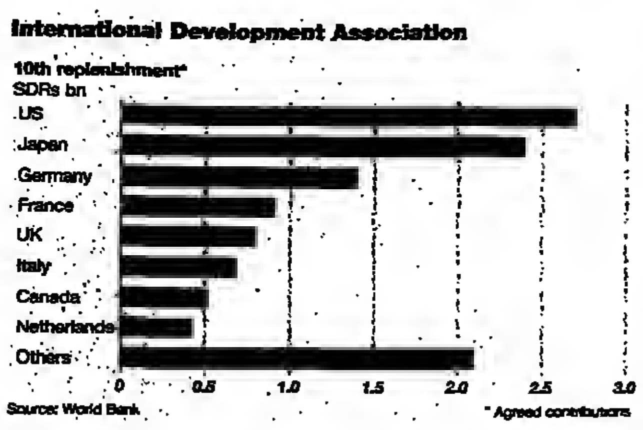
Even if the US gives no money at all, other donor countries could still meet this total with lower pledges than they made in 1992.

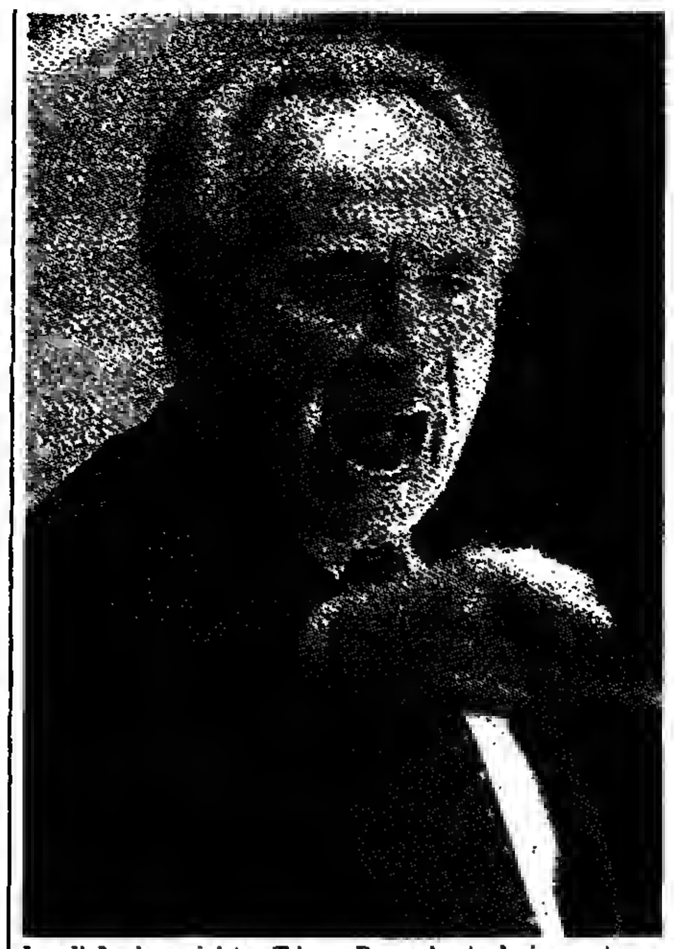
But IDA countries have always insisted on applying a strict burden-sharing formula. Under this, the US share would be roughly $2.75bn, a figure no one regards as even remotely achievable. "The question is: how do you balance the desire for burden-sharing with the desire for SDR9bn?" said a Bank official.

Ten years ago, when the US had once again reneged on its IDA promises, other donors set up a parallel fund which lent for the same purposes but barred US companies from benefiting from procurement contracts in the projects it financed. IDA is again looking at a similar scheme.

IDA is not the only soft loan window to be feeling the US budget squeeze. Soft loans are particularly important for a dozen heavily indebted low-income countries in Africa and Latin America which cannot afford to take on market rate debt which they cannot service. But neither House nor Senate has allocated any money at all to the IMF's Enhanced Structural Adjustment Facility or to the African Development Bank's soft loan fund. Some money is earmarked for the Asian Development Fund, but not enough to clear the US's $430m of arrears.

Soft loan funds have suffered twice over because others have scaled back contributions in proportion to the US shortfall. Germany and Canada have done so for IDA, and a much longer list of mostly European countries have withheld $470m from the Asian fund, which Mr Mitsuo Sato, the ADB's president says looks likely to run out of money next year.





Israeli foreign minister Shimon Peres shouts during a stormy 15-hour Knesset debate on the peace accord with the Palestinian Liberation Organisation. It ended in a 61-59 vote to ratify the deal, which extends Palestinian self rule in the West Bank. Thousands of right-wing Israelis who oppose the accord besieged the parliament after a torch-lit procession through Jerusalem AP

Daiwa 'misled' US regulators

By Gerard Baker in Tokyo and Maggie Urry in New York

Daiwa Bank's problems deepened yesterday with fresh allegations about its $1.1bn (£710m) loss in alleged fraudulent bond trading at its New York branch. Bank officials refused to confirm reports that the company's employees in the US had deliberately misled regulators when the New York offices were inspected in the early 1990s.

Kyodo, the Japanese news agency, also reported last night that Mr Akira Fujita, the Daiwa Bank president, and Mr Sumio Abekawa, the bank's chairman, would formally announce their resignations on Monday to take responsibility for the bond losses.

According to Japanese newspaper reports, attributed to Daiwa employees, the bank temporarily moved several of its bond traders and some of its financial accounts shortly before an on-the-spot inspection of its local operations by the New York Federal Reserve in November 1992.

The staff, including Mr Toshihide Iguchi, who was charged last week in connection with the losses, were said to be moved from the bank's downtown Manhattan office to its midtown branch. The bank had been under pressure to split its bond trading and bond custody operations, as it had repeatedly promised to do.

The failure to separate the two offices was crucial in allowing Mr Iguchi to conceal his loss-making trades for a period of 11 years from 1984. As long ago as 1986, the reports said, the bank told New York officials that its downtown office would only keep records of transactions and would not trade, but it continued to operate a dealing room there for a further seven years.

When US officials discovered the dual operation at the downtown office they immediately demanded that it be split. In charges published on Monday, the Federal Reserve said that it and the superintendent of the New York state banking department "were led to believe by Mr Iguchi and other officials at the New York branch that lines of authority were changed in November 1993 so that Iguchi was no longer responsible for both the branch's trading and custodial operations".

But, the charges said, the authorities have "reasonable cause to believe" that those reporting lines were not changed.

Daiwa Bank's headquarters in Japan are said to have conducted an internal investigation of the branch in November 1993 and to have discovered the deception. They then informed the New York authorities of the failure to comply with the Fed's instructions. Senior local officers of the bank were reprimanded at the time.

If confirmed, the reports will prove deeply embarrassing to Daiwa, since they suggest a lack of management control by the bank's head office in Osaka of one of its most important overseas branches. They are likely to prompt intensified supervision of Japanese banks' overseas branches and subsidiaries by regulators around the world.

Business over 38 bottles of sake

Japanese taxpayers are shocked by the cost of entertaining officials

The lights in Ginza and Akasaka, two of Tokyo's famous night spots, have dimmed as Japan's recession has taken a toll on corporate entertainment. But the tightening of the private sector purse appears to have had little effect on government officials, who have been lavishly wining and dining one another at public expense.

Cultivating central government contacts is part of the job description of local government officials, but the Japanese public has concluded that their enthusiasm for the work goes beyond the call of duty.

Taxpayers have been shocked by the discovery that their money is going into buying meals of costly crab, wine at Y33,000 (£210) a bottle, and an evening out with escorts at Y20,000 a sitting. Much of the entertaining is of officials at ministries which allocate public works projects and other financial favours.

The Tokyo office of Wakayama prefecture spends much time wooing officials at the ministry of agriculture, forestry and fisheries, and the ministry of construction. Officials from the two ministries, useful for a somewhat remote prefecture in western Japan dependent on fishing and forestry, were entertained on a total of 90 occasions in fiscal 1993 at a cost of Y9.8m.

The prefectural government of Miyagi, in northern Japan, has admitted that it spent Y888.9m on food in 1993, of which at least Y360m was spent on entertaining central government and other local government officials.

In many cases, the funds used to pay for these evening sessions come from so-called "food costs", provided to local governments as part of public works subsidies to cover such expenses as the cost of serving tea and cakes at meetings.

Even in Japan, where close personal relationships are valued highly in all corners of life, and after-hours drinking is for many a daily routine, the amount of entertaining that goes on by public servants of other public servants seems excessive.

Citizens' groups, which triggered the controversy, say the entertaining of bureaucrats does not end in the restaurant but goes on to bars, night clubs and beyond. On one occasion, a party of four dining at the expense of the Tokyo office of Akita prefecture emptied 38 bottles of sake.

Local government officials protest that such consumption is a crucial part of their job. "The ombudsmen have been very critical, but in Japan such entertaining has a beneficial role to play," says Mr Tetsuo Enamiya, director of the Tokyo office of Kochi Prefecture.

Others argue that the real problem lies not so much in the entertaining but in the concentration of power in Tokyo. "In a country where power is concentrated in the central government, this kind of public entertaining is required," says Mr Tetsundo Iwakuni, former mayor of Izumo.

Although Mr Enamiya admits clearer guidelines and financial limits need to be placed on the entertainment of central bureaucrats, he points out that for officials from a far-away region, taking them out is an effective way to convey the prefecture's needs to the central government.

"It is not possible to do this just by exchanging business cards. Things that might take 10 days for us to accomplish can be done in just two or three hours. "We do not wine and dine bureaucrats, sacrificing family life and at the risk of ruining our health because we want to, but because we believe it works," he says.

Michiyo Nakamoto

MINISTER TO QUIT IN LOANS SCANDAL

By William Dawkins and Kyodo in Tokyo

The Japanese justice minister, Mr Tomoharu Tazawa, is expected to resign by Monday in the wake of press accusations of failing to disclose a loan from a religious group.

Mr Tazawa has denied trying to cover up the receipt of Y200m (£1.3m) from Rissho Koseikai, a Buddhist organisation which supports the Liberal Democratic party, of which the minister is a member. The organisation says the loan was fully repaid. The revelation that a government minister borrowed money from a Buddhist group is an embarrassment to the ruling coalition, as it is struggling to obtain parliamentary approval for a proposed law to tighten official regulation of religions.

The draft law is intended to avoid repetitions of the tragedy allegedly wrought by Aum Shinrikyo, a mystical sect which is believed to have carried out the nerve gas attacks on the Tokyo subway last March, in which 12 people died. The cult's spokesman and de facto leader, Mr Fumihiro Joyu, was arrested early today.

However, other more respectable religions, some of which play an important part in national politics, believe the proposal is also against their interests. It has aroused protests from the opposition New Frontier party, which benefits from the backing of Soka Gakkai, far larger and more powerful than Rissho Koseikai. The law has split the LDP religious and non-religious members and exposed the complex, sometimes uncomfortable, relationship between politics and religion in Japan.

Mr Tazawa denied allegations that he had asked the political opposition not to ask a parliamentary question about the loan, in return for a promise to vote against the religious law.

Officially, the Japanese constitution bans religions from exercising political authority. But in practice, any politician able to win endorsement from a powerful religious group such as Soka Gakkai is almost guaranteed electoral victory.

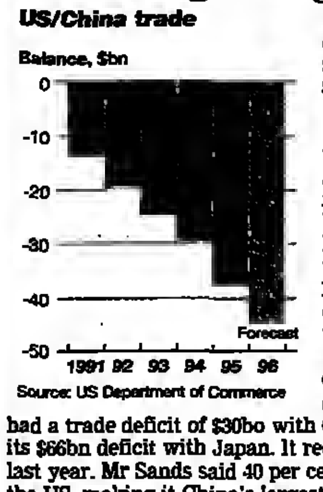
INTERNATIONAL NEWS DIGEST

IMF seeks big capital increase

The International Monetary Fund would like to see a significant boost in its capital, Mr Philippe Maystadt, chairman of its policy-making interim committee, said yesterday. Mr Maystadt said a majority of Fund members appeared ready to support a "substantial increase" in the quotas or subscriptions which determine each member country's shareholding in the institution. He estimated a 60 to 70 per cent increase would be feasible, but agreement by the US would be crucial. The possible quota increase will be the first item on the committee's agenda tomorrow.

The interim committee is also expected to endorse proposals to speed the Fund's response to financial crises like that which overwhelmed Mexico at the turn of the year. This "emergency mechanism" or "procedure" would, for example, require the executive board to decide on an emergency loan within 48-72 hours. *Robert Chote and George Graham, Washington.*

US fears growing China deficit



The US expects its trade deficit with China to reach $38bn (£24.5bn) in 1995 and $45bn to $50bn in 1996. "Just to be candid, our side of the bilateral relationship is not so rosy," Mr Lee Sands, assistant trade representative for China and Japan, told a business seminar in Hong Kong yesterday. "US exports to China rose only 6 per cent last year, despite the competitive strength of our industries. It is possible that in a few years our deficit with China will be larger than the deficit with Japan." The US had a trade deficit of $30bn with China in 1994, second only to its $66bn deficit with Japan. It recorded a $108bn global deficit last year. Mr Sands said 40 per cent of China's exports went to the US, making it China's largest and only truly open export market. *Reuter, Hong Kong*

Italy cuts helicopter order

Italy has ordered 16 Anglo-Italian EH 101 helicopters, worth more than £300m, after a delay of more than two years. The order is much smaller and less costly than expected. Italy had been expected to order 34 anti-submarine warfare versions of the EH 101.

Instead it will buy only eight ASW helicopters with eight substantially cheaper surveillance and transport versions of the EH 101. The helicopter has been developed equally between Britain and Italy and the two countries were expected to order roughly equal numbers.

Britain has already ordered 66 EH 101s, including 44 of the anti-submarine version, while Italy has now only ordered a quarter of that amount. Despite that, Agusta of Italy will get more than 50 per cent of the work on the Italian order, and is entitled to half the work on all the UK versions. Budgetary constraints in Italy are thought to have delayed and reduced the value of the order. When the UK ordered 22 transport versions in March, it admitted the order cost £300m more than US helicopters. Development costs of more than £3bn have been split equally between the British and Italian governments. Westland and Agusta both hope for exports to the Middle East. *Bernard Gray, Defence Correspondent*

Hungarian minister quits

Hungary's labour minister, Ms Magda Kovacs Kosa, a leading member of the ruling Socialist party and a former communist-era union leader, has resigned following criticism of government decisions by the constitutional court.

In recent weeks, the court has thrown out several important elements of a deeply unpopular austerity package aimed at cutting government spending and welfare. The package has already led to the departure of three other ministers.

Government officials said Mr Gyula Horn, prime minister, would ask Ms Kovacs Kosa, considered one of the cabinet's most experienced and able performers, to reconsider. Analysts said her departure would further increase pressure on Mr Horn, who is under attack from many in the party for abandoning socialist principles and for making too many concessions to the Free Democrats, the liberal junior coalition partners. *Virginia Marsh, Budapest*

Spanish shipyard jobs cut deal

Union and government negotiators in Spain reached a settlement on cuts affecting 3,900 shipyard jobs yesterday, promising to end a bitter three-month conflict. The two main trade unions agreed to the revised scheme after obtaining favourable terms for early retirement.

Three smaller unions are due to decide in the next few days whether to back the deal. Management at the loss-making state-owned shipyards initially proposed axing 5,200 of the 10,000 jobs, closing two facilities in Cadiz and Seville and privatising three others in northern Spain.

But the scheme was watered down after violent protests in Andalucia and strong opposition from the socialist regional government. The viability plan, which requires European Commission approval, aims to make Spanish yards competitive by 1998, when state subsidies are due to end.

It is the government's third attempt since 1984 to set the shipyards on an even keel, and will bring the total of jobs lost to 32,000. *David White, Madrid.*

Ecuador impeachment bid fails

Ecuador's vice president, Mr Alberto Dahik, was acquitted of corruption charges yesterday after four days of impeachment hearings. Only 39 of 77 congressmen voted in favour of impeaching Mr Dahik, far short of the two-thirds necessary. The principal support for Mr Dahik came from his conservative party, the Populist PRE Party, and independent congressmen. The vice president was accused of having bribed judges and legislators to see through the government's economic reform programme. *Raymond Colitt, Quito*

NEWS: UK

Fraud office to block suit against Leeson

THE BARINGS COLLAPSE

The UK Serious Fraud Office is to block an attempt by Barings Bank bondholders to bring a private prosecution in the UK courts against Mr Nick Leeson, the former trader responsible for the bank's collapse, John Mason and Nicholas Denton write. The SFO, which has always supported the principle that Mr Leeson should face trial in Singapore rather than Britain, yesterday took over the bondholders' prosecution and said it would seek to have summonses issued against Mr Leeson withdrawn.

The move prompted an angry response from the bondholders who accused the SFO of abusing its powers. The bondholders, who lost £100m ($158m) in the Barings collapse, are now considering bringing a judicial review in the High Court in London in an attempt to reverse the SFO's decision. Mr Jonathan Stone, chairman of the Barings Perpetual Noteholders Action Group, said: "There must be some kind of ulterior motive. This is the state meddling with the law of the land in a way that is wholly unsatisfactory."

The power of state prosecutors to take over private prosecutions was intended to prevent frivolous cases coming to court and should not have been used in the bondholders' case, he said.

The SFO defended its move, saying: "The director of the SFO considers it is not in the public interest for there to be a prosecution of Mr Leeson in the UK in the present circumstances."

It refused to enlarge on the statement or comment on the bondholders' reaction. However, it has consistently maintained that Singapore is the most appropriate place for Mr Leeson, who remains in jail in Frankfurt, to stand trial. SFO sources have previously pointed to both the legal and diplomatic problems involved in opposing Singapore's application to extradite Mr Leeson from Germany.

The bondholders' action began last week when City of London magistrates issued eight summonses against Mr Leeson, accusing him of false accounting and obtaining money by deception. The SFO will appear in the same court next Tuesday to ask for the summonses to be withdrawn.

Singapore's extradition request was approved earlier this week by a German court. However, further appeals by Mr Leeson's lawyers could delay any extradition.

To avoid prejudicing the extradition proceedings, the Singapore government has delayed publication of the report by inapectors it appointed to investigate the collapse of Barings. Their findings, which are expected to implicate senior Barings executives, have been with tha Singapore finance ministry since being presented a month ago.

Tory evangelist hunts for gaps in opposition rhetoric

By Robert Peston, Political Editor

The British Labour party has never had it so good. The leadership won every vote at this week's annual conference, and leader Tony Blair's sermon from the podium presented the party as patriotic, the proponent of Christian values and the unifier of a jaded and divided United Kingdom.

Much of the responsibility for determining whether the Conservatives can fight back effectively at their conference next week rests with Mr Brian Mawhinney, a former member of the Protestant Church of England's General Synod who has been Conservative party chairman since July.

Mr Mawhinney, an Ulsterman with an evangelist's fervour, described his mission as exposing the "gap between New Labour and the reality of Real Labour in terms of what it does when its hands are on the levers of power".

Mr Mawhinney said Labour's conference showed an increasingly apparent "gap between the rhetoric and the reality." Mr Blair is acutely aware that one area of vulnerability was his woolly commitment that there would be "a publicly owned and publicly accountable railway system under a Labour government", while insisting this was not a "blank cheque" to buy back any privatised part of the railways.

The Tories have exploited a similar contradiction over the past few days in Labour's plan to levy a £3bn ($4.74bn) windfall tax on water and electricity utilities while announcing a partnership with another quasi-monopolist, British Telecommunications, to develop a national information superhighway.

Another opportunity for the Tories is Mr Blair's attempt to distance himself from the trade unions and his insistence that they will not receive special favours from a Labour government. But they do have a privileged place within the party's structure – and Mr Mawhinney is there to point it out.

A more serious weakness is the charge that power without responsibility is being wielded by a new group within the Labour party: the famed "spin doctors" who are Mr Blair's public relations advisers.

The issue is particularly fertile ground for Mr Mawhinney, since some leading Labour politicians are concerned about stories allegedly disseminated by Mr Peter Mandelson, a Labour whip and intimate of the Labour leader, and Mr Alastair Campbell, Mr Blair's press secretary. Many journalists can also tell a heartfelt tale of being obstructed by Labour press advisers when preparing articles damaging to Labour.

Newspapers reported gleefully last week that faxes had been sent by Mr Campbell to ITN and the BBC, urging them to weigh up carefully whether the verdict in the O.J. Simpson trial was a more important news item than Mr Blair's conference speech. Since the BBC did give prominence to Mr Blair's speech, while ITN and most newspapers led on the trial, the implication of most reports was that the BBC had succumbed to the pressure, though the BBC denies this.

Elections are not usually won, however, on negative campaigning alone. Mr Mawhinney said the Tory conference would also lay the basis of the general election manifesto, outlining a programme for the period "right through to the 21st century".

Measures to increase self-provision in welfare, to cut taxes, to improve the detection and conviction of criminals, and to improve classroom discipline and standards are all likely to be foreshadowed. There will also be an attempt to present a united front on the government's European policy, the issue which has been tearing the Tory party apart. But the thrust of most speeches will be an attempt to repel Labour's encroachment on Tory heartland.

Brian Mawhinney, the Conservative party chairman, said next week's conference would form the basis of the party's manifesto

Opera in cash plea to avoid curtain

By James Buxton in Edinburgh

Scottish Opera, the Glasgow-based company which performs in Scotland and in the north of England, yesterday appealed for the government to provide the extra cash it needs to keep going in its present form.

The alternative, it says, is to downgrade its operations from next January, put its staff on flexible contracts and perform operas for only nine months of the year.

The appeal to the Scottish secretary, backed by the threat of drastic action, is the opera company's response to a financial crisis which is says is caused by recent government underfunding of the company through the Scottish Arts Council.

Mr Sandy Orr, the chairman, said the company had put forward its downgrading proposals "with the greatest possible misgivings." But it was a "legal imperative" to submit a plan enabling it to continue trading within its known resources.

Although Scottish Opera has had considerable success with recent productions, including Wagner's Tristan und Isolde, it says it needs an extra £750,000 ($1.19m) a year to survive in its present form.

Since 1993 there has been no increase in real terms in its grant from the Scottish Arts Council, which will be £4.6m this financial year. It points out that Welsh Opera and Opera North in northern England each receive greater government subsidies.

The board of the company yesterday rejected the proposal of a special working group that it disband its orchestra and buy in services from three other Scottish orchestras.

This proposal, it said, would not solve the financial problems and would mean a loss of artistic control.

Nevertheless, the alternative of putting Scottish Opera on to a part-time basis, which would mean not performing between July and September, when the Edinburgh International Festival takes place, is also unpalatable. It would mean renegotiating contracts with staff and some key personnel might decide to leave.

Scottish Opera has therefore chosen to appeal to the government and hope that Scottish public opinion will put pressure on the government.

Mr Orr said it was distressing that Scottish Opera was in this position when "vast new sums of money" were now available to the arts in Scotland through the National Lottery.

Labour party conference Unexpected backing comes from a former Thatcher minister

Cable row cools white heat of technology

By Kevin Brown, Chief Political Correspondent

Mr Tony Blair, leader of the opposition Labour party, appeared to have pulled off a major coup with his announcement to the party conference this week of a fibre optic cabling agreement with British Telecommunications.

Politically, the announcement fitted neatly with Mr Blair's determination to build bridges with big business as he recasts the formerly leftwing party in the mould of its European social democratic counterparts.

The "deal" was simple. A Labour government would phase out a ban on transmission by BT of entertainment programmes by cable – a restriction imposed by the Conservative government that effectively bars BT from the broadband communications market.

In return, BT would connect every school, hospital, library and college in the country at its own expense. By 2002, BT would be able to compete without restrictions with the cable companies that hold franchises to transmit entertainment.

Mr Blair's speech was received rapturously by party delegates, desperate for power after 16 years in opposition. Cleverly, the market-orientated agreement was delivered as part of an intensely patriotic package that stressed the role of education and technology in offering a fresh start for the UK.

It was a powerful vision, attractive to many outside the Labour party, and overwhelmingly popular with conference delegates.

Only a few cynics recalled its similarity with the Labour government of Harold Wilson from 1964 to 1970, which promised to modernise Britain in the glow of the "white heat of technology," then largely failed to deliver.

But it took less than a day for more widespread doubts to set in. Was there really a deal with BT? Or was it sleight of hand? Some senior executives at BT suggested privately that it was, pointing out that no such deal had beenput to the company's board.

It was unclear whether there was any agreement in writing between the parties. Both refused to release an exchange of letters between Mr Blair's office and Mr Alan Rudge, deputy managing director of BT, which would have resolved any doubts.

Finally, Sir Ian Vallance, BT chairman, made the status of the agreement plain. There was no "deal," simply an understanding that if Labour wins the next election, due by spring 1997, it will implement the recommendations of an all-party House of Commons committee recommending moves towards free competition in the cable market.

"We could respond by some acceleration of our broadband investment programme and by offering in principle free connections to schools, hospitals, colleges and libraries as we rolled out," Sir Ian said.

"This is just the same response as we would give to the government, were they to allow us to compete against cable television monopolies."

Lord Tebbit, the rightwing former Conservative trade and industry secretary, muddied the waters by claiming that Mr Blair had got it right – taking the opportunity to criticise Mr John Major's government for failing to take similar action.

However, the criticism from Lord Tebbit, a non-executive director of BT, was not echoed by other Conservatives, who accused Labour of doing a "sweetheart" deal with BT that risked entrenching a monopoly in the cabla market.

Independent commentators were concerned that the agreement might not be in the public interest. The marginal cost of cabling public institutions would be tiny in the context of the £10bn needed to roll out a national fibre optic system, and BT is not even offering free use of the network.

There were suggestions that BT might have conceded much more in return for the right to compete with the cable companies, which have installed more than 1m telephone lines and to which it is losing thousands of customers every month.

The Independent Television Commission, which regulates UK cable and satellite services, said Labour's plan to phase in open competition would cost the Treasury hundreds of millions of pounds because cable companies would be unwilling to pay for licences if BT was to be licensed free.

Critics said the agreement revealed Labour's wish to create a partnership with industry as little more than a plan to amend regulatory regimes in return for favours from private companies.

Labour dismissed claims that the deal was naive, rejecting suggestions that the party could have got a better deal from industry by holding an auction in which cable companies could have participated.

Writing in the FT, Mr Jack Cunningham, shadow trade and industry secretary, put the party line succinctly: "These proposals do not offer any company a blank cheque, nor do they threaten the cable companies."

Mr Blair has transformed Labour in the 15 months since his election as leader by forcing the party to face reality. Transforming Britain – his declared goal – will require him to be equally hardheaded in his dealings with business.

Business envoys proposed: Leading business people could be recruited by a Labour government as ambassadors or senior diplomats to countries involved in trade with the UK, Mr Robin Cook, the shadow foreign secretary, said yesterday, Kevin Brown writes. Mr Cook has made no secret of his belief that British embassies could do more to boost UK trade. "As foreign secretary, I will want to find out whether there are people in British industry with experience and success in exports who might make suitable ambassadors to some countries with strategic markets," he told conference delegates.

Northern Ireland warning: Ms Mo Mowlam, the party's shadow Northern Ireland secretary, warned all sides in the province not to delay the peace process in the hope of winning a better deal from a Labour government. She promised continuing support for the present British government's efforts to secure a constitutional settlement. "We will not make political capital out of Northern Ireland," she said. "Peace is too important for that."

Liquidator cuts $3bn-$4bn claim against BCCI auditor to $250m

By Jim Kelly, Accountancy Correspondent

Touche Ross, the accountancy firm which acts as liquidator to the collapsed Bank of Credit and Commerce International, has secretly cut its once crippling claim against the bank's auditors.

Price Waterhouse, the UK's fifth largest firm, faced a claim of between $3bn and $4bn over the failure of the bank. It is understood that Touche Ross has now put forward a figure of $250m. BCCI was shut down in 1991 with liabilities of about $10bn following the discovery of the world's biggest banking fraud. Initial estimates of the claim had put it close to the total size of the loss.

In July this year Mr Ian Brindle, senior partner at Price Waterhouse, told partners that the claim now stood at $3bn to $4bn and represented a "major retreat" on the part of the liquidators. He added, in a confidential memo, that if the case was pressed to court the trial would not take place "until the turn of the century". Yesterday Price Waterhouse declined to comment on the latest rednction in the claim.

Price Waterhouse is alleged to have failed to detect or report financial irregularities at the bank. The firm is expected to reject the new claim which would still represent the biggest auch payment.

The moves come during a period of intense activity between the parties involved in the collapse of BCCI. On October 20 a court in Luxembourg will begin to hear objections to the global settlement for the bank's 90,000 creditors.

The settlement, put forward by Touche Ross, is based on a payment of $1.8bn from the Abu Dhabi government, BCCI's principal shareholder. An initial $1.55bn would be available on the successful completion of the court process.

Four former employees, linked to the BCCI Campaign Committee, have delayed the settlement by lodging an appeal. Yesterday they indicated that talks were under way with Touche Ross about settling their dispute.

Mr Mohammed Qayyum said that "intensive exchanges" were taking place to settle several outstanding disputes. Touche Ross declined to comment.

While the employees' claim that "the liquidators are trying for a settlement" opens up the prospect of an early payout to creditors, it is understood that several significant barriers still remain to an agreement.

Meanwhile, it is understood that up to June this year liquidators' fees were £115m ($180m) and legal fees had reached £45m. For the month to June 15 1995 liquidators' fees were £1.04m and legal fees £347,000.

UK NEWS DIGEST

Construction industry gloomy over recovery

Further evidence of a slowdown in the pace of the export-led recovery is expected to be reported next week by construction industry leaders who have become increasingly alarmed at the steep decline in the sector's prospects. Separate industry surveys will stress the low level of investment by industrial and commercial companies. A further deterioration in construction prospects over the summer has prompted the Natiooal Council of Building Material Producers to reduce sharply output forecasts to be published on Tuesday. The council, which in July had forecast a 2½ per cent rise in industry output next year, now predicts a small fall. Forecasts of a 2 per ceot output fall this year have been left unchanged. The council, which represents 2,000 companies, is also expected to report a decline in the pace of building material export growth.

A separate survey, to be published on Monday by the Building Employers Confederation, will emphasise the current low level of investment by industrial and commercial companies. It says investment by industry in previous ecooomic recoveries has been far higher at this point in the cycle.

Andrew Taylor, Construction Correspondent

Manufacturers boost output

Manufacturers stepped up their productioo in August, reversing the drop in output seen in July, official figures show. But while car manufacturers, computing and soft drinks raised production, other sectors sucb as machine tools and pharmaceuticals reported declining activity. The figures highlighted the confusing trends that are buffeting the economy as it comes to the end of its third year of recovery. Although manufacturing expanded strongly last year, it slowed earlier this year amid slower export growth. Some City economists concluded from yesterday's data that business was now bouncing back from weaker levels of demand in the summer.

Gillian Tett, Economics Staff

Rescue urged for betting shops

THE NATIONAL LOTTERY

Only Governmeot interventioo can save 2,400 betting sbops and 7,400 jobs because of the impact of the National Lottery and especially its scratch cards. A report from the Henley Centre, the consultancy group, predicts that profits in betting sbops this year will be down 35 per cent on 1994. Henley believes the industry is likely to lose 100m individual bets this year. Overall the UK has 9,300 betting shops which employ directly 40,000 people. The consultancy group says the solution is to reduce the rate of betting duty from 7.75 per cent to 5.75 per ceot, "a level whicb would put betting approximately on a taxation par with tbe lottery".

Raymond Snoddy, Consumer Industries Staff

Heroin traffickers jailed

Three men arrested after Britisb Customs officers seized worth £7m ($11m) were jailed yesterday. Five meo were found guilty after a seven-week trial in a London court of conspiring with others to supply heroin. The court heard that the drug had been smuggled from Turkey in 1993 and 1994.

The two ringleaders, who fled to Turkey, masterminded the import and distributioo of the drug with the help of a large gang rounded up in London. Mr Faruk Koroglu, 33, a mobile phone company director, was jailed for 18 years; Mr Taner Konakli of north London, was jailed for 14 years aod Mr Andrew Howard, 32, for five years. Other defendants are to be sentenced later. Charges against one defeodant, thought to be terminally ill, are to lie oo the file. The prosecutioo said the main organisers were the fathers of two of the defendants. "They are believed to be in Turkey out of the jurisdiction and their sons have been left to face the music."

PA News

Names welcome court ruling

LLOYD'S
LLOYD'S OF LONDON

The Court of Appeal has ruled that damages won by lossmaking Lloyd's of London members who were part of a successful Gooda Walker Action Group legal case are taxable. The action group welcomed the ruling, saying it would leave its members better off because of the complex system under which Names have been able to offset losses against tax. The group estimates the damages it is owed to be wortb £500m ($775m).

Clyde & Co, the law firm representing tbe "errors and omissions" insurers, which covered tbe Lloyd's agencies against negligence awards, said the effect would be neutral on Names. But it would mean that "errors and omissions" insurers have to pay more to Names.

Ralph Atkins, Insurance Correspondent

Prince wins book ban: Prince Charles woo a worldwide ban on a book about his marriage by a former housekeeper at Highgrove House, his residence in western England. A judge at the High Court in London said Mrs Wendy Berry was obliged to pay the prince all the money she has made from publication of The Housekeeper's Diary, which has appeared only in the US and Canada. Mrs Berry, who is believed to be living in Canada, worked for the royal family for nine years until 1993.

From the press this week . . .

A hoax radio operator gave false landing instructions to an aircraft approaching Leeds-Bradford Airport in northern England. The Air UK flight from Amsterdam landed safely after the pilot checked the hoax message with air traffic controllers, wbo told him to ignore it. The Civil Aviation Authority such calls posed no threat to passengers because aircrew cbecked all incoming calls back with air traffic control. *Yorkshire Post, Leeds*

Municipal burial authorities want the government to amend a law of 1852 whicb prevents graves from being recycled. The Confederation of Burial Authorities says burial space has run out. They want to exhume remains from existing graves, re-bury them deeply under the graves and thereby free the space near the surface for new bodies. *The Guardian, London*

The Queen yelped with pain wben a 900gm grouse, shot on her Balmoral estate in Scotland, fell on ber. Observers said the 69-year-old monarch later joked abont the incident, and a spokesman at Buckingham Palace said: "She isn't hurt". The British Field Sports Society said the odds of being hit by a low-flying grouse must be less than a million to one. (This was the leading news item yesterday in *The Sun* and the *Daily Mirror*, Britain's two top-selling daily newspapers)

COMPANY NEWS: UK AND IRELAND

Boddington agrees Greenalls' bid

By Roderick Oram, Consumer Industries Editor

Continuing its aggressive expansion programme, Greenalls Group has launched a £380m recommended share and cash offer for Boddington Group to create the UK's largest chain of pubs independent of a brewer.

Mr Andrew Thomas, Greenalls' chairman, said large scale – it will have 2,370 pubs – was needed to drive hard bargains with brewers, cut costs and create critical mass in drinks wholesaling.

Boddington was attractive for its estate of 450 pubs, particularly the 300 large managed houses. "The opportunities are limited to strengthen your chain with big strategic moves," Mr Thomas added.

There was virtually no overlap between the Boddington pubs, all in north-west England, and Greenalls' 1,000 in the same area. Greenalls/Boddington will own roughly one in six pubs in the region, which will account for about 45 per cent of group profits.

The two companies, near neighbours outside Manchester, know each other well and have pursued almost identical strategies. They have sold their breweries to focus on pub ownership and drinks wholesaling. Boddington also has retirement homes, which the City expects Greenalls to sell.

Greenalls is offering 17 new shares plus £20 for every 25 Boddington shares. The bid values a Boddington share at 394p for a multiple of 21.6 times adjusted earnings for the year to January, when Boddington made pre-tax profits of £30.3m on sales of £273.6m.

The bid price is based on Greenalls' closing price of 462p yesterday, down 26½p. Boddington shares – which had rocketed on Thursday when news of the impending bid leaked out – rose another 31½p at 389½p yesterday.

Greenalls will take on £124m of Boddington debt which, with £23m of reorganisation costs, bid costs and other items, pushes the total cost to £672m.

The extra debt will lift Greenalls' gearing from about 50 per cent to 75 per cent. Mr Alan Rothwell, finance director, said operating earnings would continue to cover interest payments about four times.

Gearing would ease slightly over the next few months even without disposals. Thereafter the new group could still spend up to £140m a year.

Some analysts, however, said the deal looked a little defensive. "Greenalls was running out of steam and needed this acquisition," one said. Greenalls had paid a full price so it "will have to watch debt and cashflow very carefully".

Greenalls said it was confident it could halve to £8m Boddington's head and divisional office costs, gain a further £4m in savings from closing some of its wholesale drinks depots and £6m from benefits such as combining the reservation systems of the companies' hotels. The deal should be non-dilutive in the year to next September, and enhance earnings thereafter.

Greenalls said its pre-tax profit for the financial year that ended last week was less than £100m, against £88.2m a year earlier. It would propose a final dividend of 8.44p to make a total of 14.2p (13.1p).

See Lex and Features

Statoil tipped as Aran's white knight

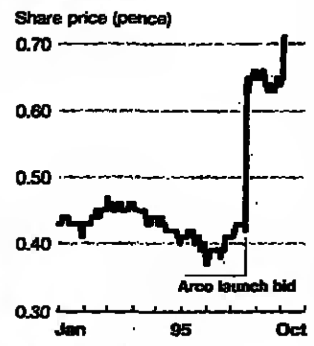
By James Harding

Aran Energy, the Irish oil exploration company, yesterday offered a new line of defence against the £161m hostile bid by US rival Atlantic Richfield when it announced it had been approached by a third party.

While some analysts expressed caution, others tipped Statoil as Aran's white knight.

The Norwegian state oil company last month established a joint venture with Aran and has slowly been building its retail interests in Ireland.

Aran would only say that it had "received an approach from a third party which may lead to an alternative offer".



Source: FT Extel

Its shares rose 5½p to 72½p yesterday, well above Arco's 61.4p a share cash offer.

Arco has until Tuesday to raise its offer, giving shareholders two weeks to decide after that.

The Takeover Panel said it would push the third party to announce its intentions as "quickly as possible".

Bid that sparked a trend

David Wighton on electricity's first mixed marriage

The success of Scottish Power's £1.1bn bid for Manweb breaks new ground for both the electricity industry and the stock market.

It is the first bid for a privatised company which has been consistently opposed by the target's management. It is also the first successful bid for an electricity company from within the industry and the first to combine a large generator with one of the distribution companies in England and Wales.

Ashley Ashwood

Ian Robinson, chief executive (left) and Ian Russell, finance director of Scottish Power: breaking new ground

By establishing that the government was not opposed in principle to such "vertical integration", Scottish Power helped trigger a fundamental restructuring of the industry.

Ahead of the privatisation of the electricity supply industry in England and Wales, the government deliberately separated generation from distribution.

Although it created two integrated companies in Scotland, it was widely assumed that it would block generators from buying distribution companies south of the border.

But the government's decision not to refer Scottish Power's bid for Manweb was swiftly followed by bids from National Power and PowerGen for two of the distribution companies, Southern Electric and Midlands Electricity.

If these bids are cleared, the industry will have three large integrated companies, which will be joined by a fourth – Hanson's Eastern Group subsidiary – if its bid for £1bn of National Power stations is successful.

The regulatory system was kind to Scottish Power in another way. Speculation that the bid would be referred to the Monopolies Commission depressed Manweb's share price, allowing Scottish Power to buy shares in the market.

By the time the bid was cleared, Scottish Power had accumulated a 14.9 per cent stake in the target. Although Manweb's shares jumped on the news they remained close to the Scottish offer price, allowing it to take the holding to 28 per cent by yesterday morning.

Manweb's advisers claim that the early stake was critical. "It really put off potential counter-bidders who were loath to enter an auction when Scottish was already in such a strong position," said one.

"That in turn increased Scottish Power's perceived chances of winning, which weakened the share price. It was a vicious circle."

Manweb managed to interest PacifiCorp, a US utility based in Oregon, in making a counter offer. But it claims that PacifiCorp pulled out because it feared that if it made an offer it would merely be topped by Scottish Power.

Other sources suggest that PacifiCorp thought Scottish Power's bid valued Manweb fairly, and that the Americans decided to shift their attention to opportunities in Australia.

PacifiCorp finally pulled out only last Thursday, which made life difficult for both sides. It was only then that Manweb started its last round of institutional presentations, which its advisers now feel may have left it too little time.

Scottish Power also feels it suffered, since the presence of the potential white knight stopped private investors from sending in their acceptances. It thinks that many intended to accept but never got around to it.

However, helped by heavy advertising in the final days of the bid, Scottish Power persuaded 30,000 of Manweb's 110,000 private investors to accept.

Had Scottish Power lost, it would have laid the blame on its actions on the weekend of September 16 and 17. On the previous Friday, Manweb had announced a defence package which promised shareholders a collection of special dividends and preference shares worth 550p a share.

Scottish Power decided it would increase its original 915p cash offer and on Saturday its adviser, Baring Brothers, contacted Schroders, Manweb's merchant bank, to ask for a meeting.

From the response Scottish Power judged that there was no chance of getting a recommendation from Manweb at a price it would be prepared to pay, so on Monday it announced its new offer of 975p.

But the two sides may not have been that far apart. "Scottish Power might have got a recommendation for another 30p or 40p, which they probably would have thought worth it," says one close observer. "In the end, of course, they were right. But they cut it pretty fine."

RPR fails to make quick kill in Fisons bid

By Daniel Green and Motoko Rich

Rhône-Poulenc Rorer has failed to make a quick kill in its £1.8bn hostile bid for UK rival Fisons.

It has added only 1.2 per cent more of the shares than it had secured on Thursday when it raised its bid from 240p to 265p. It has now bought 18.2 per cent of Fisons in the market.

Takeover rules mean that by falling short of a 30 per cent level, RPR can only buy further shares up to 29.9 per cent.

It must now wait for acceptances from Fisons' shareholders, who have until October 20 to decide.

RPR, a US company controlled by Rhône-Poulenc, the French chemicals company, is likely to be cautious about buying more shares in the market. It may prefer to keep its ability to buy another 11 per cent of Fisons as a bargaining chip with large shareholders.

Several institutions with smaller stakes have sold the bulk of their shares in Fisons.

Robert Fleming, which had a 3.7 per cent stake, sold 24.7m shares; Mercury Asset Management sold 8.98m, and Scottish Widows Fund & Life Assurance Society sold 6.39m.

However, Fisons' largest shareholders – PDFM, affiliates of the Capital Group, Prudential Corporation and Schroders – have yet to decide.

If RPR fails to reach 50 per cent acceptances by October 20, the bid fails and it will be unable to bid again for a year. It may be able to agree a higher offer in less than a year with Fisons, but only with the blessing of the Takeover Panel.

Exceptional costs of £5.42m hit Verson

By Motoko Rich

Heavy interest charges and exceptional costs at Verson International, the capital equipment manufacturer, deepened full-year pre-tax losses from £8.2m to £11.3m.

The auditors recorded "fundamental uncertainty" about the group's ability to continue trading as a going concern.

At operating level, losses increased to £5.9m (£3.26m) on sales of £104.8m (£99.3m) in the year to January 31.

Shares in the company, which makes power presses and electrical welding machines, were suspended at 13p on August 2 after it failed to report its results within the statutory six-month period.

Rationalisation charges totalled £5.42m (£627,000) including provisions for product liability claims in the US and asset write-downs. Exceptional royalty and service fee income was £3.54m (£3.95m).

Mr Tim Kelleher, chairman, said the £8.2m sale of a welding machinery business would satisfy working capital requirements and bring the group back within banking limits. It had breached covenants in the US.

Net debt stood at £57.9m and gearing was more than 500 per cent. Interest payments totalled £5.58m (£5.21m).

The group had considered placing 50 per cent of its US interests on Nasdaq, but decided against this because it had been offered alternative financing arrangements such as joint ventures.

Losses per share were 7.88p (5.5p).

No dividend is declared.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BMSS	6 mths to July 31	9.32	(9.41)	0.401	(0.287)	3.3	(2.4)	2	Dec 6	2	-	5
Camellia	6 mths to June 30	106.7	(95.4)	1.63	(6.65)	41.8L	(49)	17.5★	Nov 16	14	-	36.5★★
Chepstow Race	6 mths to June 30	0.711	(0.817)	0.017	(0.097)	3.4	(19.4)	-	-	-	-	5
Clarkson (Horace)	6 mths to June 30	20.1	(19.6)	2	(1.3)	5.6	(2.5)	1.25	Nov 23	0.75	-	2
[illegible]P Leisure §	6 mths to Apr 30	0.244	(0.23)	0.169L	(0.145L)	0.46L	(0.91L)	-	-	-	-	-
Derwent Valley	6 mths to June 30	6.33☐	(5.43)	1.55♠	(3.77)	4†	(12.61)	1.73	Nov 20	1.58	-	5
Eurotunnel	6 mths to June 30	104.5	(2.76)	464.5L	(46.7L)	52.3L†	(8L)	-	-	-	-	-
Martin Intl	6 mths to June 30	33.8	(35.2)	1.34L	(0.267)	4.2L†	(0.8)	0.45	Jan 2	0.46	-	1.1
[illegible]	6 mths to June 30	12.3	(11)	1.13	(0.844)	7.2†	(6.2)	1.85	Nov 23	-	-	0.26
Slingsby (HC)	6 mths to June 30	7.06	(6.55)	0.174	(0.204)	12.2	(14.1)	3	Jan 3	3	-	12
Superscape VR	Yr to July 31	1.59	(0.859)	1.75L	(0.238L)	32.8L	(6.1L)	-	-	-	-	-
Verson Intl	Yr to Jan 31	104.8	(99.3)	11.3L♠	(8.2L♠)	7.88L	(5.5L)	nil	-	nil	nil	nil
Waterman Partners	Yr to June 30	10.9	(8.48)	0.332	(0.2)	1.3	(0.3)	0.5	Nov 15	0.5	1	1

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
[illegible]	6 mths to Aug 31	56.58	(60.1)	0.487	(0.395)	3.44	(2.79)	3.1	Nov 30	3	-	6.8

Dividends shown net. Earnings shown basic. Figures in brackets are for corresponding period. ☐Gross rental income. †On increased capital. ★Foreign income dividend. ★★Includes final as foreign income dividend. §USM stock. ♠After exceptional charge. ♣Includes 0.8p special.

Horace Clarkson advances to £2m

Horace Clarkson, the shipbroking and specialist insurance broking company, reported pre-tax profits up from £1.3m to £2m in the half year to June 30.

Shipbroking more than doubled and the insurance side returned to profit. Mr Michael Beckett, chairman, said shipbroking was expected to continue to benefit from strong dry cargo rates and better rates for crude oil tankers. "Insurance broking should maintain its improvement."

Turnover was £20.1m (£19.6m). Earnings per share were 5.6p (2.5p) and the interim dividend is raised to 1.25p (0.75p).

Jourdan warns on full year

Shares in Thomas Jourdan fell 10 per cent to 32p yesterday after the consumer products group warned that full-year profits would be hit by a combination of disappointing trading and non-recurring charges.

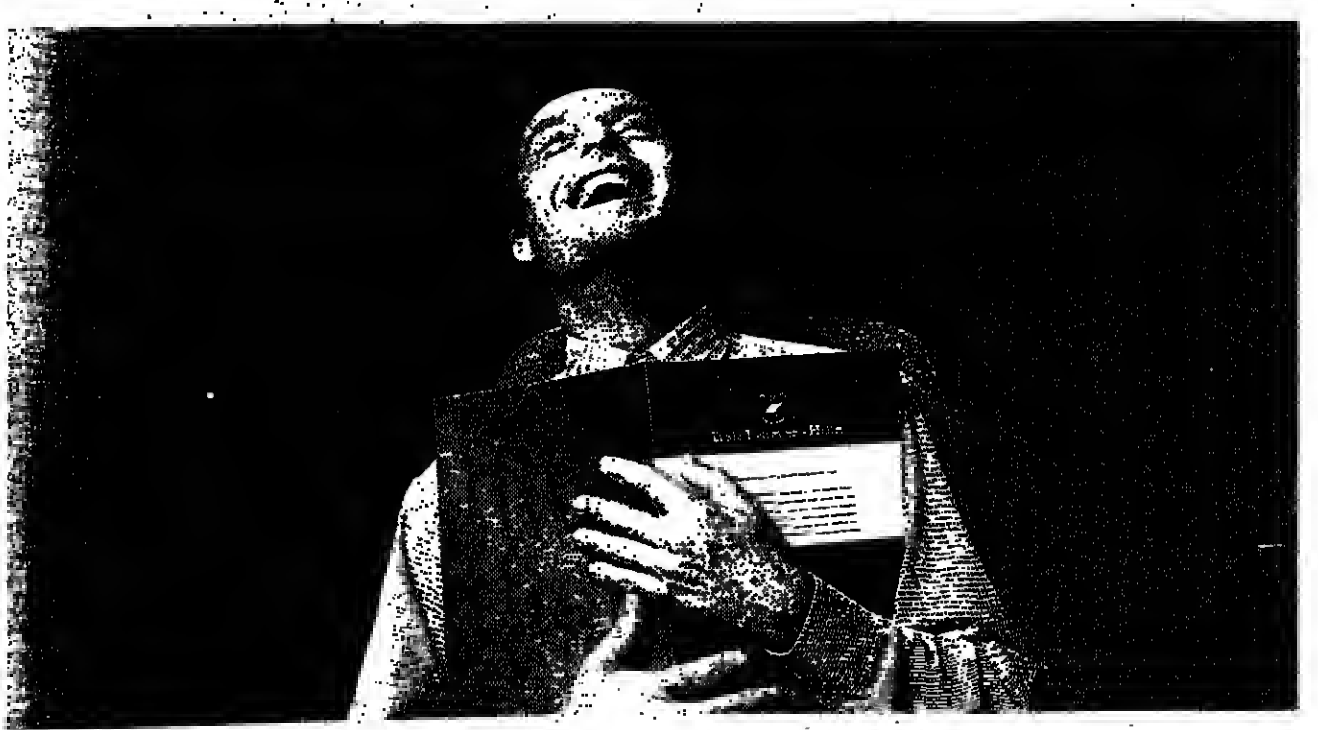
Kleinwort Benson, the company's broker, cut its pre-tax profit forecast for the year to December 31 from £900,000 to £100,000.

The profit warning comes just three weeks after the company reported a recovery in its business, cutting half-year losses from £4.41m to £199,000.

Mr Keith Whitten, chairman, said the problems were a "temporary setback".

Delays to the production of Sunflame fires meant that the division had missed the beginning of the main selling season, with a consequent loss of revenue. A claim had also been received in recent weeks in respect of a building formerly occupied by the company with a maximum liability of £150,000.

Finally, trading at a subsidiary supplying the DIY and furniture industries had been below expectations, and it was currently operating at only break-even.



NEWS DIGEST

Superscape rights as loss mounts

Superscape VR, the virtual reality software company which came to the market in April last year, announced deepening losses and an £8.7m rights issue to fund expansion, writes Christopher Price.

Pre-tax losses for the 12 months to July 31 widened from £238,000 to £1.75m, although turnover rose 85 per cent to £1.59m. Losses per share were 32.8p (6.1p).

The strongest growth was in sales of software and services to North America, which rose from £74,000 to £512,000, underpinned by sales to telecommunications and computer groups including Northern Telecom, IBM and Motorola.

The 1-for-2 rights issue of 2.79m shares is at 330p apiece. Superscape's shares, which came to the market at 198p, retreated 17p to 392p yesterday. The company estimates that the cost of new staff and capital equipment over the next two years will be about £10m.

Wickes sells

Wickes, the DIY retailer, is selling a further 23 of its Builders Mate merchanting outlets to RMC for about £13m, while RMC is ending its attempt to ape Wickes' format by selling its six Bay 6 DIY stores to Wickes for £3.7m, writes Neil Buckley.

The latest Builders Mate disposal comes days after Wickes sold 20 outlets to Jewson, the Meyer International offshoot. The 23 branches had net assets of £12.1m at December 31, and made profits of £1.3m on sales of £29.8m in 1994.

The Bay 6 stores – including four already trading and two soon to open – have a similar format to Wickes at the "heavy" end of the market.

RMC is continuing to develop its Great Mills DIY chain.

Withdrawal from Builders Mate, plus the recent sale of its Hunter Timber business to Finnforest, will free Wickes to concentrate on its core DIY business.

Yorkshire change

Mr Derek Roberts is to stand down as chief executive of Yorkshire Building Society next April and will be succeeded by Mr David Anderson, currently the society's head of corporate development.

Mr Roberts (52), will succeed Mr Peter Courtney as non-executive chairman in January 1997.

Rothermere sells

Viscount Rothermere, chairman of Daily Mail and General Trust, has sold 501,940 non-voting A shares, leaving him with 8.58m shares, or 9.06 per cent.

The transaction was made on September 29 at an undisclosed price. However, the closing mid-price on that day was £11.06, which would have produced a sum of £5.5m.

Lord Rothermere, together with fellow directors Mr Stephen Gray and Mr John Hemingway, sold 37,390 ordinary shares on the same date. Again no selling price was disclosed, but the closing mid-price was £12.84, which would have produced £480,000.

Martin Intl in red

As foreshadowed in its annual report, Martin International Holdings, the clothing manufacturer, experienced a "difficult" first half with pre-tax losses of £1.34m, and Mr Michael Kidd, chairman, saw little improvement in the short term.

"Trading conditions in the third quarter have remained difficult and turnover has not matched our earlier expectations," he said.

Recovery would depend on the success of the recent reorganisation which led to the appointment of Mr Lawrence Ward as managing director and the establishment of a stronger international division.

The deficit for the six months to June 30 compared with a profit of £267,000, and came on turnover of £33.8m (£35.2m). Losses per share were 4.2p (earnings of 0.8p); nevertheless, the interim dividend is maintained at 0.45p.

BMSS 40% ahead

Announcing a 40 per cent improvement to pre-tax profits for the six months to July 31, BMSS, the timber and building materials merchant, said the outlook for the second half was "not especially encouraging".

The £401,000 (£287,000) result was struck on static turnover of £9.32m (£9.41m).

A maintained interim dividend of 2p is payable from earnings of 3.3p (2.4p).

Chepstow falls

Chepstow Racecourse saw pre-tax profits tumble from £96,598 to £16,944 in the first half of 1995 on reduced turnover of £710,915, against £817,713.

Results were again hit by abandonments due to weather. This year two of the scheduled 10 meetings were lost, compared with four of the scheduled 13 in 1994. In the second half, 13 (10) race days are planned, including the first Sunday meeting.

INTERNATIONAL COMPANIES AND FINANCE

Nissan predicts smaller loss in first six months

By Michiyo Nakamoto in Tokyo

Japan's second-largest car maker, Nissan Motor, said yesterday its interim non-consolidated loss for the first half to end-September would not be as large es initially estimated.

The company, which the day before had announced the closure of an engine plant in southern Japan, said it was likely to make a recurring loss – before extraordinary items and tax – of Y9bn ($89.6m) in the first half, rather than the Y30bn loss it had forecast in May.

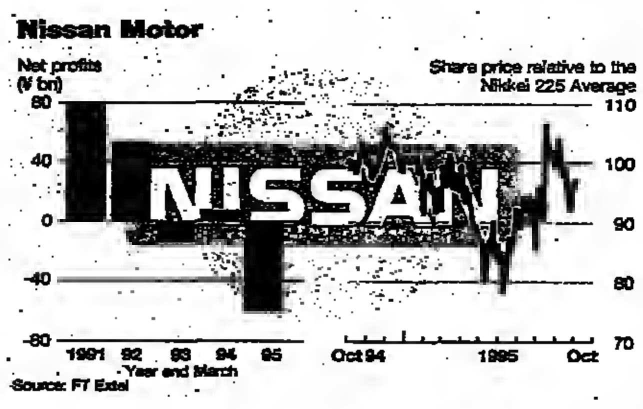
The net loss for tha first half would also be lower at Y13bn, rather than Y30bn as projected earlier.

However Nissan, like other Japanese car manufacturers in recent weeks, also warned that sales for the balf-year were likely to fall just short of original forecasts because of weakness in the domestic market. Nissan posted a non-consolidated net loss of Y61bn last year and consolidated net losses for the past three years. The new forecast of Y1,710bn compares with Y1,750bn earlier.

Nissan now expects total domestic demand this year to be 5.2m rather than the earlier predicted 5.33m. As a result, it believes its own production will fall by 30,000 to 40,000 units from its original target.

Despite the lower sales, however, Nissan expects strong demand for certain luxury models which have a higher product margin, the benefits of restructuring, and the lower interest rates in Japan, to enable it to improve its performance in the first half.

Nissan has benefited from continuing cost-cntting, particularly in production areas where there has been increased commonality of components.



Source: FT Extel

Its restructuring measnres, which were expected to trim Y80bn out of costs in the first half, had taken ont Y95bn instead, Nissan said. For the entire year, it expects cost savings of Y110bn.

Nissan is not changing its forecast for the full year, in which it expects to break even at both the recurring and net levels on sales of Y3,600bn.

Although the company had done better in the first half, and the yen's recent weakness could help second half performance, the domestic market was still uncertain.

US electric utility to split generation from distribution

By Richard Waters in New York

Nlagara Mohawk, an electric utility which serves a laige part of northern New York atate, yesterday proposed to break itself in half hy separating its power generation from its distribution businesses.

The move is one of the most radical yet proposed by a US electric utility in the face of growing pressures from creeping deregulation of the country'a electricity markets.

Mr William Davis, chairman, said the company had been hamstrung by regulatlons which bad resulted in high prices for its 1.5m customers.

In particular, he said, Niagara Mobawk had been required to buy electricity from otber generators at unrealistically high prices, causing rising prices for consumers at a time wben there was an oversupply of power.

Under yesterday's proposal, which needs the approval of New York state regulators among others, the market for electricity in Niagara Mohawk's 24,000-square mile service area would be thrown open. The company's power generation business would then compete for customers with other suppliers. The regulated distribution business would remain in a separate company.

The reorganisation would depend in part on the company being allowed to renegotiate its contracts with other generators, under which it is required to pay $1bn this year.

If completed, the plan would also force Niagara Mohawk and many of its suppliers to take big asset write-downs to reflect the newly competitive nature of their market.

The company's proposal is the latest indication of how a separation of generation and distribution, similar to that in the UK, seen as a possible model for the US electricity industry. Southern Company, the Georgia-based company which this year agreed to buy South Western Electricity, the UK distributor, said it expected its experience of the UK market to help it prepare for competition at home.

Niagara Mohawk said that, if its proposal were carried out, prices to residential and commercial customers "could be frozen for five years". Otherwise, it would have to levy "substantial increases".

Coles Myer seeks more time

By Nikki Tait in Sydney

Mr Solomon Lew, the embattled chairman of Coles Myer, Australia's largest retailer, aaid yesterday it would take time to resolve the group's boardroom structure and corporate governance, and that "hasty short-term decisions will not necessarily be in the best of interests of all shareholders".

Mr Lew was responding, in a formal letter to the Australian Stock Exchange, to intense speculation that Coles would announced a revamped board structure this week.

Recent disclosures about the "Yannon transaction" bave brought aimmering disquiet over Coles' corporate governance standards to the surface. The Yannon transaction was a complex deal which stemmed from the company's desire to keep a tranche of "loose" shares out of potential predators' hands, and ended up costing the company A$18m (US$13.7m) while benefitting interests associated with Mr Lew by a like amount.

Institutional investors have been urging a boardroom revamp, inclnding the appointment of an independent non-executive chairman, and new non-executive directors.

Mr Lew's letter is set to raise critics' concerns that the company may he stalling on changes, particularly since he adds that "the views of major investors are important but are not necessarily representative of the company's entire share register, including its 140,000 individual shareholders".

Meanwhile, Coles won an interim injunction preventing the Australian Securities Commission – which is investigating the Yannon matter – from enforcing about a dozen notices served on the retailer seeking more information until the matter can be heard on October 16.

RWE pays increased dividend

By Judy Dempsey in Berlin

RWE, Germany's largest utility group, is to increase its dividend by DM1 tn DM14 after recording an 18 per cent rise in net profit for the year ending June 30, its supervisory board announced yesterday.

Profits rose from DM922m in the previous year to DM1.06bn ($755m) while group sales increased from DM55.7bn to DM63.6bn. Earnings per share increased from DM22.70 to DM26.80 over the same period.

Last year, RWE paid a dividend of DM13, bnt added a bonus of DM1.

The complete divisional breakdown will not be disclosed until next month; however provisional figures show that the electricity division will have contributed 34.1 per cent of total sales bnt more than 56 per cent of total profits.

Provisional results also show that the oil, petrol and chemicals sector, which make up 37.1 per cent of turnover, continues to be the largest contributor to sales, followed by the electricity sector, then mechanical and plant engineering at 10.3 per cent and mining and raw materials at 7.9 per cent.

The markets, however, will be monitoring the growth of RWE's telecommunications division. RWE last month pulled out of the CNI Communications Network International, a consortium previously headed by Mannesmann Eurokom, RWE and Deutsche Bank. RWE said it would instead focus increasingly on extending its own network.

Mr Dietmar Kuhnt, RWE chairman, recently said RWE would, by 2000, "have sales of DM2bn-DM5bn from this [telecommunications] sector". This would entail investment of between DM2bn and DM4bn.

Yamaichi doubles profits estimate for half-year

By Gerard Baker in Tokyo

Yamaichi Securities, ooe of Japan's "Big Four" stockbrokers, yesterday donbled its profits estimate for the financial half-year which ended last month.

Tbe company said strong revennes from bond transactions bad lifted recurring profit (before extraordinary items and tax) from the Y2.5bn ($24.9m) forecast in May to an estimated result of Y5.2bn.

Operating revenues were about Y110.7bn, up from the forecast Y106bn.

The broker also doubled its forecast for recurring profit for the full year to next March from Y9bn to Y18bn on estimated revennes of Y228bn rather than Y217bn.

The performance is a substantial improvement on last year's dismal results. In the year to the end of March 1996 Yamaichi reported a recurring loss of Y50.6bn on operating revenue of Y162.6bn.

Japan's brokers have been beset by a falling stock market, low trading volumes and increased competition in the past five years.

But the strong rally in the bond market tbis year bas helped them recoup some of their losses.

The yield on the benchmark 10-year government bond fell unexpectedly sharply from 3.8 per cent in March to 2.6 per cent last month.

Yamaichi's profit from bond dealings in the six months to the end of September came to an estimated Y15.4bn, three times the figure forecast last May.

It reported a full-year bond-trading loss last year nf Y5.2bn.

The company's managing director, Mr Takatsugu Hasu, said he expected interest rates to remain low and boped for further increases in bond-trading profits.

However, first-half income from eqnity brokerage commissions would be lower than expected, the company sald, reflecting the slightly lower volumes of equity trading.

NEWS DIGEST

Outokumpu doubles after eight months

Higher prices for most metals than a year ago belped more than double pre-tax profits at Outokumpu, the Finnish mining and metals group, in the first eight months of the year. Pre-tax profits jumped from FM557m to FM1.3bn ($303) as economic growth and enhanced investment lifted metals consumption.

Outokumpu, whicb has suffered from capacity constraints, is in the middle of an expansion programme whicb will increase its copper smelting and refining capacity and nickel output by about 75 per cent by the end of this year. Cost-efficient capacity introduced this year in copper and nickel production and expanded steel melting due to come on stream at the end of the year would boost efficiency. Group sales in the eight months rose from FM10.9bn to FM11.15bn, producing operating profits of FM1.35bn, compared with FM628m a year ago.

Hugh Carnegy, Stockholm.

Michelin to build more plants

Michelin, the Frencb tyre maker, is to build two extra production units in France, both of whicb are expected to use the company's new C3M process. The process is so far being used at only one plant, the group's Clermont-Ferrand headquarters in central France. Michelin says the secret process allows significant improvements in productivity and efficiency and enables greater flexibility of production.

One of the new units is to be built at Clermont-Ferrand. Work has already started and is due to be completed in one year. The other unit is at Saint-Priest, near Lyon. The company said it wanted to avoid a significant rise in capacity, which could damage margins in the industry. The uew units were aimed at nicbe markets and at increasing flexibility of production.

John Ridding, Paris

Schneider ahead at halfway

Schneider, the French electrical equipment maker, lifted first-half net profit hy 15 per cent to FFr397m ($80m), and repeated predictions that full-year results would improve sharply. First-half operating profit advanced 17.4 per cent from a year earlier to FFr1.74bn while one-time losses were FFr76m, compared with a gain of FFr12m a year ago. The company reported a 6.6 per cent rise in first-half sales to FFr29.19bn.

Sales at Schneider Electric, the main division of the group, rose 9.2 per cent on a constant structure basis to FFr20.8bn while operating profit rose 22 per cent. Spie Batignolles, the troubled construction unit, managed an operating profit of FFr59m and broke even on a net basis, the company said. Schneider warned that the first balf's strong sales growth would ease in the second half.

AP-DJ, Paris.

Baloise shake-up pays off

Baloise Insurance, Switzerland's fourth largest insurance group, reported a 15.9 per cent jump in first half consolidated net income to SFr95.8m ($83.4m), caused mainly by restructuring in its non-life business. Tbe group, tbe first Swiss insurer to publisb complete consolidated interim accounts, said it expected full year net income to be more than 10 per cent above last year's SFr135.3m.

Premium income in the first balf was up 4.5 per cent to SFr4.12bn, with non-life business flat at SFr1.78bn and life business up 11 per cent to SFr2.04bn. Assumed reinsurance was down 7.1 per cent to SFr292.7m. The claims ratio on the non-life side eased from 76 per cent to 72 per cent, belping boost its pre-tax profit by a third to SFr86.9m. Pre-tax profit on the life business was flat at SFr33.1m. In the expectation of improving stock market prices, the group postponed the planned realisation of capital gains.

Ion Rodger, Zurich.

COMPANY NEWS: UK

The acquisition of the Ritz has put the Barclay brothers back in the spotlight. Have they paid too much?

Potential in a famous name

By Nicholas Lander

During London's long hot summer, lunch or dinner at The Ritz overlooking Green Park was a welcome relief.

Since signing a management contract to run The Ritz in May 1994, general manager Brian Williams, chef David Nicholls and the rest of the team from the Mandarin Group, until then best known for its hotels in east Asia, have raised the level of service and food to match what is one of London's prettiest dining rooms.

In came fixed price menus and sensibly priced wines – although there were still a couple of 1949 clarets at £650 each – and Mr Williams' mission statement that guests must be able to "stroll in for lunch at 12.30 and have the bill on their table by 2pm".

However, what they have not been able to rectify are the surroundings you have to pass to reach The Ritz, still the finest name in the hotel industry worldwide. To arrive at your lunch table you have to pass shops selling discounted Timberland boots, a row of phone booths full of prostitutes' calling cards and a bus stop offering tourists trips around London.

This is not quite the setting guests expect when asked to pay £250 a night for a room. And certainly The Ritz's main competitors, The Savoy, The Dorchester and The Lanesborough, offer much more discreet entrances for the discerning businessman or the rock'n'roll star escaping his fans.

Nor, despite its imposing interiors, has The Ritz been able to offer today's travellers exactly what they want. Gyms, swimming pools and business centres were not what César Ritz had in mind in 1906. But Mr Williams knows that this is what is expected in top class hotels today.

Over the past year Mr Williams has closed The Ritz's in-house laundry and sold £100,000 of wine to free space and cash to introduce such innovations, as part of a much needed capital expenditure programme.

Whether Mr Williams and the Mandarin Group will be in a position to execute these plans is unclear. Although he declared himself excited on hearing of the hotel's new owners, he said the future of the management contract would depend on them.

Whoever finances and executes the plans, there is little doubt among London's senior hotel managers that the Barclay brothers have not only bought themselves the finest name in hotels, but also a potentially lucrative merchandising business.

According to David Broadhead of the Savoy Hotel group, The Ritz needs at least £20m spending on it and his only disappointment is that until today the Barclays used to stay at Claridge's, part of the Savoy group, and itself undergoing £16m of renovations.

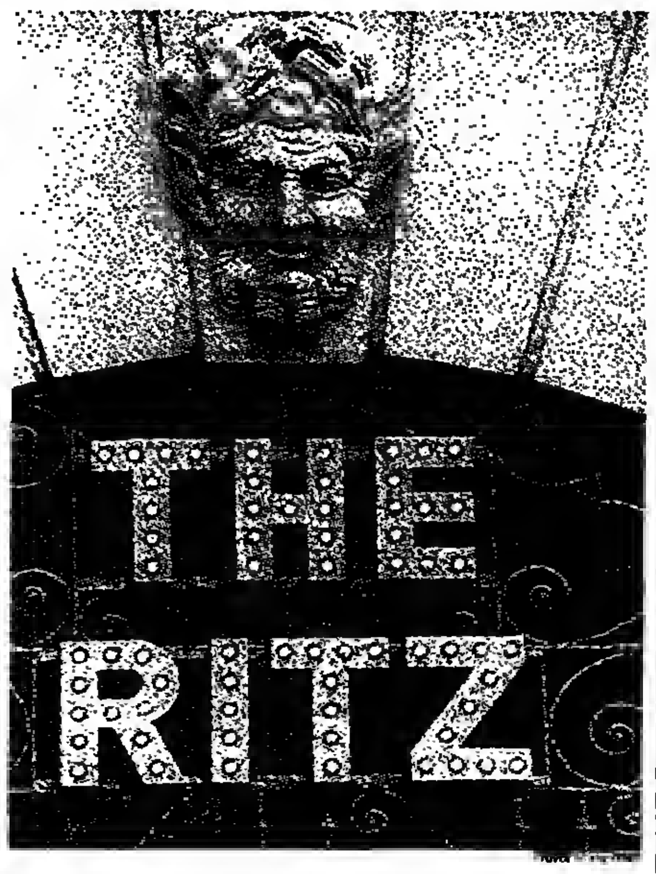
However, according to David Levin, proprietor of London's Capital Hotel in Knightsbridge, even allowing for the £20m for renovations, The Ritz may have come cheap. "When I last heard that The Ritz was for sale 18 months ago, I inquired about the price and was told that no offers were being considered under £100m.

"What is exciting for the new owners – and for anyone who cares for The Ritz which has been neglected for decades – is that Eagle House, the building next door on Arlington Street, is for sale. If the Barclay brothers could buy that, they would be able to transform the whole hotel.

"The Ritz would then have a wonderful, imposing entrance, about 175 bedrooms (at the moment there are only 115) and a terrific restaurant overlooking the park. Around the hotel, on two sides, you'd be able to create a stunning arcade of shops."

Finally, said Mr Levin, the Ritz name could be lent to a range of luxury goods. "Ritz soap, sheets, fragrances even a Ritz School of Cooking – they are all waiting to happen."

See Lex



Strong trading lifts Azlan shares 70p

By Jane Martinson

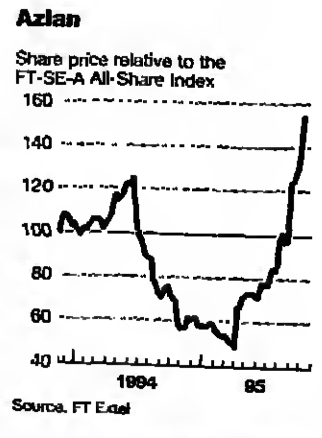
Shares in Azlan Group jumped 70p to a new high of 120p – valuing it at £91.7m – as the distributor of network computer products reported strong trading ahead of its interims next month.

The group said pre-tax profits were expected to rise from £1.1m to more than £4m in the six months to September 30, on sales up 90 per cent to £72m ($37.7m). SBC Warburg, the house broker, is forecasting full-year profits of £6.5m.

Much of the growth bas come from the group's expansion in Europe. While UK sales grew more than 38 per cent to £34m in the half year, turnover in continental Europe, at more than £38m, topped that of the UK for the first time.

Mr Christian Martin, chief executive, said: "Our strategy of developing value-added products and taking those networked services around Europe has been extremely successful."

At flotation almost two years ago, sales from continental Europe represented just 1 per cent of group turnover. Since then Azlan has bought four companies and now operates in seven continental European countries, covering 80 per cent of the European network computing market.



Source: FT Extel

Azlan's high-margin business includes the distribution of computing products for manufacturers such as Bay Networks, Cisco and IBM, as well as support services.

The group intends to make further acquisitions. "We will continue to grow our business so that the UK has appropriate weighting in the European market," Mr Martin said.

Azlan was floated at 230p. The share price plunged after a profits warning a year ago, which was followed by management changes.

Reclusive twins' privacy their most valuable asset

By Raymond Snoddy

The new owners of the Ritz, the Barclay Brothers, gave a newspaper interview once. It was October 1983 and a Sunday Telegraph journalist, Stella Shamoon, was lunched by David and Frederick at their flagship Howard Hotel on the London Embankment.

They were prepared to break the habit of a lifetime because they were obviously pleased with themselves for managing to buy Ellerman Lines, the shipping and brewery company, from the even more reclusive Sir John Ellerman for £47m.

In one of the select few quotes attributed to a Barclay brother, David Barclay explained in the 1983 interview: "We went into the property crisis in good shape and like others we got hit – but we survived."

It was also David Barclay – clearly the more loquacious of the identical twins – who added: "Ellerman was a snip."

It is far from clear whether the £75m bill for the Ritz is also a snip, but it is just the sort of purchase that attracts the brothers, who are possibly among the richest men in the UK with estimated worth of £500m.

At the same time as they were stalking the Ritz, the brothers, born in London 60 years ago of poor Scottish parents, were also making an offer of about £200m for the Scottish newspapers in the Thomson Corporation stable, including The Scotsman itself.

If they are successful they will be able to add the titles to The European, which they rescued from extinction after the death of its founder, Mr Robert Maxwell.

The Barclay Brothers are admirers of Lady Thatcher and investors in Sir Tim Bell, her long time adviser. They divide their time between London and Monaco, and are in the process of building an elaborate mock-Gothic fortress on the small Channel Island of Brecqhou.

The brothers trained originally as estate agents and moved into property, then into hotels, shipping and brewing. As businessmen, they tend to swoop unexpectedly on targets with the powerful weapon of cash.

Last year's Barclay deal – believed to be worth more than £200m – was the purchase of Automotive Financial Group, one of the UK's biggest motor retailers and then controlled by Mr Octav Botnar.

Growing success has not made the brothers any more talkative. Except that David Barclay did break his silence to say: "Privacy is a valuable commodity. There is no incentive for us to talk about our business affairs."

Impeccable connections given a premium rating

By Tim Burt

The Ritz Hotel, which has been sold by Trafalgar House for £75m, enjoyed an asset value far exceeding its Norwegian granite and Portland stone facade – it was a brand that became a byword for high society.

Hoteliers and analysts said yesterday that hotels with pedigrees built on royal patronage and famous guests were gaining value and could command premium prices. Mr Terry Holmes, general manager of the Stafford Hotel and former manager of the Ritz, said: "The property value of named hotels is riding high and we're at the top the cycle, particularly in London."

The sale of the Ritz follows the disposal earlier this year of the Regent Hotel to the Landmark chain, which fetched about £70m, and of the Stafford – also owned by Trafalgar House – to Shire Inns for £16m. This summer Rank Organisation withdrew from the industry after 28 years with the sale of the partly refurbished Royal Garden Hotel for an undisclosed sum.

In New York, meanwhile, the Plaza Hotel has been sold for more than $300m (£194m) to CDL Hotels of Singapore and Prince Abdulaziz al Saud of Saudi Arabia. The Waldorf Astoria could also change hands shortly now that Hilton Hotels Corporation has decided to demerge its hotels arm from its casino operations.

Although such hotels were selling at premiums to asset values, the trend has been confined to only a few cities, according to Mr Greg Feebely, hotels analyst at Kleinwort Benson Securities. "It's far easier to sell upmarket hotels in London and New York than in continental Europe," he said.

Ms Kay Dymock, lead partner at Jones Lang Wootton, the international estate agents which handled the Plaza transaction, echoes this view. She said: "The market in London and New York is very strong, which has been helped by high occupancy rates and the weakness of the pound and the dollar." One London hotel being marketed by Jones Lang Wootton has attracted more than 40 bids, many from south-east Asia.

Christie & Co, which handled the Ritz deal, said prices had been forced up by a shortage of quality hotels on the market. According to Mr David Rugg, chairman, that had persuaded the owners of office blocks in London's High Holborn and St James's Park to convert commercial buildings into hotels.

By comparison, the market in Paris was said to be flat and some analysts claimed the Savoy Hotel group was having difficulty selling the Lancaster Hotel, which has been on the market for more than a year. But the company said it was in advanced negotiations to sell the site and hoped to announce a deal shortly.

Derwent Valley placing to fund £18m purchase

By Mark Ashurst

Derwent Valley, the commercial property investor, has acquired 15 central London properties from the Co-operative Insurance Society for £18.2m.

To fund the purchase, it is raising £20.6m by placing 7.76m shares at 275p with institutions. The shares gained 2p to 303p yesterday. The placing is subject to clawback via a 1-for-4 open offer.

Derwent reported pre-tax profits of £1.55m (£3.77m) in the six months to June 30, a fall it attributed to lease expiries at the end of 1994 and refurbishment costs.

Mr John Burns, managing director, said the placing would reduce gearing from the "mid-eighties" per cent range "to the mid-sixties, which gives us room to buy some more".

Gearing had escalated in August, from 51.3 per cent at June 30, with the £31m purchase of six buildings from MEPC, the property group.

The 15 properties sold by the CIS have a combined floor area of 320 000 sq ft, extending Derwent's overall portfolio to more than 1m sq ft.

Over the last two years, Derwent has added a total of 30 properties, mainly in London's West End, to its portfolio at a cost of about £100m.

Mr Burns said the London property market had improved. There were opportunities "to increase the value of a number of properties prior to possible early disposal".

Net revenue from properties was £5.4m (£4.65m). Earnings per share fell to 4p (12.61p), although the interim dividend is raised to 1.73p (1.58p).

مكتبة من الأصل

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKET

Strike steadies aluminium

Labour troubles at Alcan Aluminium of Canada helped aluminium prices weather an overall bearish trend at the London Metal Exchange this week.

While copper was leading other metals sharply downwards concern about lack of progress at negotiations on new Labour contracts for 4,000 Alcan smelter workers underpinned aluminium values. News yesterday morning of a general strike at three Alcan plants with a combined annual production capacity of nearly 500,000 tonnes sent values briefly into the plus columns for the week, but the gains were erased later.

Tha three months delivery position reached $1,805 a tonne before slipping back to close at $1,774.50, down $13 on the week but $8.50 above Tuesday's low.

LME WAREHOUSE STOCKS
(As at Thursday's close) tonnes

Aluminium	-3,200	to 530,525
Aluminium alloy	+80	to 46,500
Copper	-3,275	to 175,550
Lead	-1,000	to 206,825
Nickel	-1,134	to 59,190
Zinc	-1,425	to 740,375
Tin	-630	to 14,845

Three months copper closed at $2,811 a tonne, down $41.50 on the day and $81.50 on the week, after dipping early on to $2,790.

Copper prices had been under pressure all week with sellers encouraged, traders told the Reuters news agency, by news that major Japanese smelters planned to boost output of refined copper by nearly 10 per cent in the six months to March 1996, compared the same period last year, in response to an increase in availability of copper ore. Confirmation that copper exports by Codelco of Chile were back to normal at the port of Antofagasta after an earthquake in July encouraged the bearish mood, as did optimism by management that a Zambian rail dispute was close to resolution.

Another big loser on the week at the LME was nickel, which fell $360, in the three months position, to $8,042.50 a tonne. Most of the fall came on Monday, in a continuation of last week's sell-off. An attempted rally on Wednesday quickly ran out of steam and yesterday morning the price dipped below $8,000 before the announcement of another sizeable fall in LME warehouse stocks of the metal steadied the market.

The heaviest selling of base metals at the LME came late on Thursday. "What initially looked like a bit of profit-taking [by investment funds] ahead of the Friday LME stocks report, soon turned into a vicious price rout," said Ord Minnett analyst Nick Moore in the Thursday night issue of the broker's Daily Metal Market Monitor. "The trade is not getting its regular fix of punchy LME [stocks] drawdowns with the pace of erosion much slowed and contracts such as copper tin and aluminium now showing increases. Renewed economic growth next year needs to be not only strong enough to burn off the aggressively rising supply side response, but it also has to be strong enough to generate big enough market deficits to allow overall stock erosion to continue."

At tha London Commodity Exchange coffee futures built on last week's late rally. The January delivery position gained $11 yesterday to $2,263 a tonne, $92 up on the week.

Traders told Reuters that strong fundamentals were underpinning the market, with a shortage of robusta physicals and higher differentials fuelling the upward move. In addition the big investment funds were having to by back short positions, they said.

News that exporters in Brazil had exceeded the quotas set under the export retention scheme was bearish, the traders noted but "the fact that bad news has been shrugged off must show a degree of strength", said one. "People don't feel like being ahort," another commented.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1995 High	1995 Low
Gold per troy oz.	$383.10	-0.65	$392.70	$394	$373
Silver per troy oz	335.80p	-13.7	356.00p	375.50p	267.80p
Aluminium 99.7% (cash)	$1742.5	-13.0	$1634.5	$2149.50	$1722.50
Copper Grade A (cash)	$2841.0	-96.5	$2542.0	$3218.00	$2722.50
Lead (cash)	$583.5	-11.5	$633.5	$682.50	$536.50
Nickel (cash)	$7925.0	-355	$6665.0	$10160	$6947.5
Zinc SHG (cash)	$994.5	-17.5	$1048.5	$1208.5	$968.5
Tin (cash)	$6240.0	+70	$5385.0	$7175.0	$5085.0
Cocoa Futures Dec	$894	-16	$969	$1050	£830
Coffee Futures Nov	$2368	+88	$3523	$3297	$2368
Sugar (LDP Raw)	$294.7	-3.3	$308.5	$378.1	$289.2
Barley Futures Nov	$107.5	-0.5	$104.6	$113.00	$102.00
Wheat Futures Nov	$114.7	-0.7	$108.5	$117.10	$111.00
Cotton Outlook A Index	94.55c	+0.15	73.80c	116.80c	85.05c
Wool (64s Super)	465p	-10	438p	532p	475p
Oil (Brent Blend)	$15.705	-0.505	17.21	$19.01	$1505

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Nov.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1742-3	1774-5
Previous	1752-3	1785-6
High/low	1765/1763	1810/1770
AM Official	1763-3.5	1795-6
Kerb close		1777-8
Open int.	204,571	
Total daily turnover	46,327	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1505-15	1560-1
Previous	1505-15	1545-55
High/low		1570/1550
AM Official	1510-20	1550-60
Kerb close		1540-50
Open int.	3,075	
Total daily turnover	425	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	583-4	605.5-6.0
Previous	599-600	612-3
High/low	586/585.5	609/605
AM Official	596.5-7.0	607-7.5
Kerb close		605-6
Open int.	32,826	
Total daily turnover	6,683	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7920-30	8040-45
Previous	7985-95	8105-15
High/low	7925	8050/7950
AM Official	7920-25	8050-55
Kerb close		8015-20
Open int.	45,405	
Total daily turnover	7,417	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6235-45	6270-75
Previous	6270-80	6300-10
High/low	6265/6260	6280/6260
AM Official	6265-70	6285-90
Kerb close		6250-55
Open int.	19,887	
Total daily turnover	3,204	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	994-5	1017-8
Previous	1000-1	1023-4
High/low	999.5	1023/1013
AM Official	994-5	1018-9
Kerb close		1015-6
Open int.	77,709	
Total daily turnover	8,316	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	[illegible]	2810-12
Previous	2875.5-6.0	2852-3
High/low	2854/2853	2825/2790
AM Official	2854-5	2809-10
Kerb close		2809-10
Open int.	186,153	
Total daily turnover	47,540	

■ LME AM Official £/$ rate: 1.5845
LME Closing £/$ rate: 1.5812
Spot:1.5810 3 mths:1.5781 6 mths:1.5748 9 mths:1.5720

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Open int.	Vol
Oct	129.10	+0.10	130.60	128.60	1,342	208
Nov	128.10	-0.10	129.00	128.10	1,189	31
Dec	127.50	-0.25	129.60	127.05	10,000	11,510
Jan	126.50	-0.35	127.50	125.40	558	117
Feb	125.35	-0.50	126.50	125.50	410	1
Mar	124.35	-0.60	126.00	123.80	4,475	618
Total					32,985	13,029

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	382.80-383.30		
Opening	382.40-382.80		
Morning fix	382.50	241.447	435.868
Afternoon fix	383.05	241.977	437.828
Day's High	383.50-383.90		
Day's Low	382.20-382.60		
Previous close	383.00-383.40		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.10	6 months	3.97
2 months	4.02	12 months	4.00
3 months	3.98		

Silver Fix	p/troy oz.	US cts equiv.
Spot	335.80	532.25
3 months	338.60	535.85
6 months	342.22	540.75
1 year	350.15	550.40

Gold Coins	$ price	£ equiv.
Krugerrand	382.5-385.5	242-244
Maple Leaf	394.10-396.55	-
New Sovereign	88-91	56-58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int.	Vol.
Oct	383.5	-0.8	383.9	383.1	859	189
Nov	385.1	+1.0	385.5	385.1	102,199	11,369
Dec	386.4	+1.0	388.2	387.5	22,645	196
Feb	386.9	+1.0	390.4	390.5	5,835	10
Apr	393.8	+1.0	393.3	393.0	13,053	653
Jun	395.2	+1.0	395.7	395.7	1,795	1
Total					182,098	12,587

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int.	Vol.
Oct	413.5	-0.8	414.0	411.0	1,378	123
Jan	412.5	-0.6	413.0	410.0	20,833	1,546
Apr	412.5	-0.7	413.0	410.0	1,415	75
Jul	413.5	-0.7	413.5	413.0	1,378	3
Oct	413.5	-0.7	-	-	31	-
Total					25,092	1,759

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int.	Vol.
Dec	137.80	-0.05	137.25	136.50	6,214	515
Mar	138.25	+0.05	137.50	137.25	816	3
Jun	139.50	+0.05	-	-	5	-
Total					6,135	818

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int.	Vol.
Oct	532.9	+5.8	-	-	5	5
Dec	537.2	+8.5	538.0	528.5	59,049	10,363
Jan	538.9	+8.5	-	-	24	1
Mar	543.1	+8.6	542.5	535.8	11,187	360
May	547.1	+8.5	538.0	538.0	6,450	1
Jul	551.8	+8.5	548.5	548.0	6,451	25
Total					96,844	10,812

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int.	Vol.
Nov	17.02	+0.15	17.04	16.81	83,434	90,352
Dec	16.78	+0.14	16.78	16.60	72,663	46,549
Jan	16.69	+0.12	16.70	16.54	40,033	21,494
Feb	16.58	+0.12	16.58	16.44	20,399	10,423

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

Spices

The pepper market started to develop very slowly earlier in the week but later on activity increased, reports Man Producten. Initially prices of both black and white drifted lower but towards the middle of the week fresh buying demand came in and sources like Indonesia and Brazil started to adjust their asking prices to somewhat higher levels. Spot white pepper was offered at US$3,800 a tonne and black FAO at $2,550-$2,600.

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

■ CRB Futures (Base: 1967=100)

■ GSCI Spot (Base: 1970=100)

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lbs)

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

■ COPPER (Grade A) LME

■ COFFEE LCE

■ COCOA LCE

■ BRENT CRUDE IPE

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

■ OTHER

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		7.500	07/05	93.2400	+1.080	8.53	8.60	9.14
Austria		6.875	06/05	98.4000	-0.040	6.95	6.97	6.96
Belgium		6.500	03/05	85.7100	-0.400	7.13	7.15	7.10
Canada *		8.750	12/05	107.8000	+0.100	7.61	7.79	8.00
Denmark		7.000	12/04	93.9200	-0.380	7.95	7.95	8.00
France	BTAN	7.750	04/00	103.2500	-0.280	6.87	6.87	6.58
	OAT	7.750	10/05	101.0800	-0.640	7.58	7.49	7.33
Germany Bund		6.875	05/05	101.8200	-0.070	6.58	6.61	6.67
Ireland		6.250	10/04	87.9500	-0.150	8.18	8.30	8.30
Italy		10.500	04/05	93.6000	-0.650	11.63†	11.55	11.41
Japan	No 129	6.400	03/00	118.8880	-0.700	1.80	1.58	2.24
	No 174	4.600	09/04	113.4340	-1.530	2.73	2.65	3.20
Netherlands		7.000	06/05	102.4200	-0.100	6.65	6.66	6.70
Portugal		11.875	02/05	103.3500	-0.410	11.25	11.25	11.25
Spain		10.000	02/05	94.4000	-0.600	10.94	10.90	10.97
Sweden		8.000	02/05	79.0110	-0.730	8.46	9.36	10.18
UK Gilts		8.000	12/00	102-04	-5/32	7.48	7.58	7.80
		8.500	12/05	103-00	-5/32	8.06	8.13	8.04
		9.000	10/08	106-10	-5/32	8.17	8.23	8.11
US Treasury *		6.500	08/05	103-06	+8/32	6.06	6.20	6.34
		8.875	08/25	105-31	-6/32	6.42	6.53	6.71
ECU (French Govt)		7.500	04/05	97.4800	-0.780	7.87	7.80	7.65

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

ECONOMIC DIARY – FORWARD EVENTS

TODAY: Group of Seven finance ministers meet in Washington.

TOMORROW: Group of 10 meets in Washington. The International Monetary Fund's policy-making interim committee meets in Washington. Sixteenth Congress of the World Energy Council in Tokyo (until October 13).

MONDAY: Producer prices (September). Overseas transactions of the film and TV industry (1994). US consumer credit (August). European Parliament in plenary session in Strasbourg (until October 13). Franco-Spanish heads of state summit in Madrid (until October 10). Barents Euro-Arctic council convenes in Finland. Senior Apec officials meet in Tokyo ahead of Osaka summit in November. Parliamentarians attend conference on inter-parliamentary union in Bucharest (until October 14). Preliminary results from *Lucas Industries*. Columbus Day holiday in US.

TUESDAY: Bosnian ceasefire becomes effective. New construction orders (August). Conservative Party conference in Blackpool (until October 13). French public sector workers' strike. IMF/World Bank annual meeting opens. Nobel prize for aconomics announced. National boliday in Japan.

WEDNESDAY: Green Party annual conference opens in Southport. Goldman Sachs/Institute for Fiscal Studies hold economic and green budget seminar in London. Nobel prize for physics and chemistry.

THURSDAY: New earnings survey – 1995 Part B; analyses by agreement. Machine tools (August). Retail prices index (September). June census of agriculture and horticulture in UK (1994 provisional). US producer price index (September). French current account (July). International conference on "Peace in the Balkans" in Valletta (until October 15). Spanish markets closed for public holiday.

FRIDAY: Usable steel production (September). CBI survey of distributive trades (September). US consumer price index (September): retail sales (September) and real earnings (September). Bank of Japan publishes statistics for September. Mr John Major, prime minister. addresses Conservative Party conference in Blackpool.

US INTEREST RATES

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lira 200m 100ths of 100%

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

UK

■ NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100%

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

FT-ACTUARIES FIXED INTEREST INDICES

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

UK GILTS PRICES

Other Fixed Interest

FINANCIAL TIMES
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The G7 and the world

By 2004 the countries still known as "developing" will generate a slightly larger share of total world output than those known, ever more inaccurately, as "industrial". This is the most intriguing forecast in the latest World Economic Outlook from the International Monetary Fund. The finance ministers and central bank governors of the group of seven leading industrial countries, meeting this weekend, may not remain masters of their universe much longer.

These figures exaggerate the international impact of developing countries. Nevertheless, the transformation under way must not be underestimated. One third of world exports go to developing countries. In developing countries, excluding oil exporters, the average ratio of trade to gross domestic product has also risen from 10 per cent of GDP in 1970 to just under 30 per cent last year, 10 percentage points higher than in industrial countries.

Net capital flows to developing countries averaged $130bn a year during the 1990s, while 40 per cent of the net capital flows to Asian countries between 1989 and 1994 were of foreign direct investment. The level of direct investment is also, for obvious reasons, an excellent indicator of economic success, as is indicated by the contrast of Asia with Latin America, where more fickle portfolio capital dominated these flows.

Yet successful developing countries are far more dependent on domestic capital than on any inflow from abroad. One intriguing indicator is the depth of equity markets: in Chile, Korea, Malaysia, Mexico and Singapore, stock market capitalisation as a proportion of GDP exceeds that of Germany, France, or Italy.

Future prosperity

Mexico's mishap suggests this is no infallible sign of future prosperity. But high stock market capitalisations are another indicator of the spread of market economics. These changes are, dare one say it, more important for the future of Europe than whether a narrow monetary union is formed in 1999.

Three observations suggest that these radical changes are unlikely to stop. First, the close correlation that used to exist between growth in industrial and developing countries has broken down. Between 1990 and 1993 growth in developing countries increased sharply, in spite of the slowdown in industrial countries. The GDP of Asian developing countries is now forecast to expand by just under 50 per cent between 1990 and the end of this year.

Second, the Mexican crisis has proved no more than a brief hiatus. While the WEO's short-term forecast for industrial countries has been marked down since last May, the reverse has happened for many developing countries. The interruption in capital flows has had particularly little impact on foreign direct investment and on Asian developing countries. By contrast, portfolio flows and flows to Latin America were more seriously affected.

Third, ever more countries are clambering onto the growth train. Even central and eastern Europe (excluding Ukraine and Belarus) is forecast to achieve economic growth of 4 per cent this year, while the level of output in Albania, Poland and Slovenia is well above its trough.

Important challenge

The questions confronting those meeting in Washington are, on the whole, those of success. But they are not universally so, the most important exception being Africa. Mr Jim Wolfensohn, recently appointed president of the World Bank, needs to say what he intends to do about this, the most important challenge confronting his organisation. A part of the answer must be an imaginative marriage of external debt reduction with massive improvements in policy formation and execution in African countries.

Another challenge confronting those assembled in Washington will be to draw the right lessons from the Mexican debacle. One is that portfolio capital, particularly short-term lending is immediately twitchy. People lend short term in order to be able to get out swiftly. But they cannot all do so. The right response cannot be a repetition of the Mexican bail out. What is needed instead is a combination of better debt management by developing countries, with provision of more information to the markets and a smoother official reaction to crises, including, where necessary, an internationally supervised halt to demands for redemption.

The last task is for the industrial countries. The G7 process has, inevitably, tended to focus on short-term macroeconomic management and, in particular, on exchange rates. Sometimes this is useful, the intervention to push up the US dollar in August being an obvious example. But there is far more to think about than the short-term situation.

For Mr Clinton and other politicians, the burning question is whether this year's decline in economic growth is the pause that refreshes or the harbinger of a longer-term slowdown. For most private citizens of their countries, what matters is something longer term. It is how to adjust to a world in which such transformations are occurring elsewhere.

Russia's prosperous middle classes are developing a growing appetite for western consumer goods, says **John Thornhill**

To Russia with baked beans

On a rain-drenched afternoon this week, Mr Tony O'Reilly, chief executive of the Heinz food group, cut the ribbon on a $20m (£13m) baby food manufacturing plant in Georgievsk, a town in the Stavropol region of southern Russia.

The investment underlines how important a market Heinz thinks Russia may become, in spite of the political crises, economic depression and crime which still rack the country. "We believe Russia is rapidly becoming a vibrant consumer society," Mr O'Reilly says.

Heinz is just one of a wave of western consumer products companies seeking to exploit the potentially lucrative market provided by Russia's large and well-educated population of 150m.

These companies are trying to tap into the islands of relative affluence thrown up – primarily in urban areas – by the seismic shifts in the Russian economy as the military industrial base declines and the service sector expands. Increasingly, they are deciding to invest in Russia, rather than importing products from factories in other countries.

Russia's consumer revolution has touched every level of society, with Snickers chocolate bars and Absolut vodka on sale in even the remotest regions.

Many railway stations and sports stadia have been converted into vast flea markets to cater for the needs of the poorer end of the market. Thousands of private traders, who would have been condemned as speculators in Soviet times, gather at weekends to bawl goods.

At the top end of the market, glitzy supermarkets sell live lobster and expensive French champagnes for the country's new rich. There are ready buyers for $2,000 dresses in Russia's shiny new fashion boutiques, and the latest Mercedes cars and stretch limousines now cruise Moscow's streets.

But what really attracts the western consumer products companies is the emergence of a prosperous middle class.

According to a study by McKinsey, the management consultants, at least 30 per cent of the population earns more than $200 a month. Given the low costs of housing, transport and energy – a legacy of communist days – a high proportion of this income is available for discretionary spending.

The middle class is chiefly clustered in the big cities, which makes it easier to target potential customers. The Moscow region contains 11m consumers, representing a bigger concentration of people than in the Czech republic. St Petersburg, with more than 5m inhabitants, is larger than Slovakia, Denmark or the US state of Indiana.

Advertising boardings have mushroomed in many cities to attract these consumers, adding colour to the grey urban landscape. Locally-produced television commercials now burst out in the breaks in the Dynasty soap-opera serial. The circulation of the Russian edition of Cosmopolitan is one of the largest in the world, while other glossy magazines spring up seemingly every other day.

Newspapers advertise *shopturi* (shopping trips) to western countries allowing visitors to stock up with the latest western fashions. Late night home-shopping programmes, such as *Shop from your Sofa*, which sells everything from exercise equipment to high-heel shoes, blanket Russian television.

Heinz is aiming to ride this consumer wave and predicts its sales of locally produced baby food – as well as imported baked beans and sauces – will rise from $20m in 1996 to $100m within three years, at which time it expects to break even on its investment.

Western consumer products companies such as Philip Morris, Unilever, Procter & Gamble, Wella, L'Oréal, Coca-Cola and BAT Industries have been exporting increasing volumes of goods to Russia since the collapse of the communist system. They are now growing increasingly aggressive about investing in the country.

Mars, the privately-owned US foods company which was one of the first multinationals to move into Russia on a large scale, is already producing chocolate from a $150m plant in Stupino, outside Moscow. Despite some setbacks, it still has plans to invest $500m at the site to start manufacturing pet foods, ice cream, and sauces.

Cadbury Schweppes is also committed to building a chocolate plant near St Petersburg while Nestlé has bought a 49 per cent stake in a manufacturing enterprise in Samara. Last month, Inchcape, the UK services group, opened a bottling plant for Coca-Cola in Volgograd in southern Russia.

Western retailers are also beginning to take an interest in the Russian market, as shown by the steep rise in rents for prime retail space. Allied Domecq, which manufactures Baskin Robbins ice cream, has opened 180 stores and distribution points in Russia and is exploring the opportunities to open Dunkin' Donuts restaurants.

"We are looking at three long-term developing markets which will have a big impact on fast food retailing in the future: India, China and Russia. But we are only investing $30m in an ice cream plant in one of these countries. At the moment Russia is in the lead," says Mr Malcolm Wright, managing director of Allied Domecq's international retailing arm.

Yet the problems of operating in Russia are legion. The growing strength of nationalism threatens to spark an anti-western backlash in the forthcoming parliamentary elections in December, with unpredictable consequences for foreign investors.

The tax and tariff regimes change with alarming regularity. Many joint venture companies have experienced trouble with their Russian partners who are often more interested in spending profits today than in reinvesting for tomorrow.

Distribution of goods can also prove erratic and local trading monopolies are emerging in some regions, cutting the manufacturers' margins. As high inflation has raged in Russia, distributors have also stockpiled western goods, leading to volatile supply. Some consumer goods companies have had to withdraw and destroy food products as their expiry dates neared, or cut supply as prices have fallen.

High-profile cash generative businesses, such as car dealerships and restaurants, are sometimes subject to violent attacks. One of the British-style John Bull pubs, part-owned by Allied Domecq, was damaged in a bomb attack earlier this year. The company will say only that the incident was the result of an unrelated dispute between its Russian partner and a third party.

Western companies can find it hard to adjust to local conditions, cultures, and mentalities. Russians laughed at the advertisements for Wash and Go shampoo: the transliteration of "Vosh" means headlouse.

"Russia is a land of contradictions," says Ms Nikka von Liemandt, a marketing manager for Mars. "In some senses it is a very developed market but it has very bad infrastructure. There is huge demand for consumer goods but it is becoming increasingly discerning. Unless you try to understand all these peculiarities, your business will fall by the wayside."

Statistical game of roulette

One of the many mysteries about the Russian economy is how demand for consumer goods appears so strong while gross domestic product seems to have fallen so much. The natural response is to believe the official statistics must be wrong.

The Organisation for Economic Co-operation and Development highlighted many statistical discrepancies in its recent report on the Russian economy. In particular, it said it was hard to reconcile the drop in output with the rise in real income since the collapse of the Soviet Union.

"Most remarkably, while industrial output appears to have been halved since January 1992, real disposable income has doubled. The latter increase coincides with a concomitant increase in real expenditure on goods and services," it states.

The official figures give some indication of the scale of changes in the Russian economy as the old state sector has dissolved and new industries such as retailing and advertising have emerged. According to Goskomstat, the state statistics committee, the share of gross domestic product attributable to services has risen from 33 per cent in 1990 to 50 per cent last year.

But many independent economists believe these figures understate the full impact of the restructuring. Much economic activity in the service sector is conducted in US dollars and goes largely unrecorded.

The government estimates there may be as much as $20bn in US dollar bills stashed under mattresses – more than the value of rouble notes in circulation. It also estimates that some of the more than $50bn of capital which has left Russia since 1991 is beginning to return as the economy stabilises.

While the World Bank estimates that a third of the population may now live below the official poverty line, many millions of Russians are living far better than before. The bank suggests Russia's income distribution is now one of the most unequal in the world – on a par with those of Argentina or the Philippines.

The strength of Russia's informal economy is everywhere visible. Car drivers offer passengers rides for small fares, city dwellers sell crops from their allotments to neighbours, and officials receive additional income by means of kickbacks or bribes. Many Russians have second or third jobs.

Several consumer products companies have tried to assess spending power informally by employing women to conduct opinion polls in the streets. But even this data may be unreliable, since many do not give truthful answers – fearing the information will be given to the tax authorities or the local mafia who will demand extortion money.

"There is a lot of money in Russia," says one entrepreneur in Ekaterinburg, an industrial city in the Urals. "The statistics may not always show it. But you can just smell it."

MAN IN THE NEWS: ***Sir Iain Vallance***

A smooth operator

Sir Iain Vallance, the super-smooth chairman of British Telecommunications, prides himself on being a business leader who knows how to handle politicians. Ever since his days as a young graduate in the nationalised Post Office in the late 1960s, when he worked in the chairman's office, he has honed his political skills.

This week in Brighton he took his vocation to new heights. In a blaze of publicity, culminating in a well-advertised private meeting with the Labour leader, he sealed an eye-catching "superhighways" agreement with Mr Tony Blair designed to boost the fortunes of both BT and New Labour. In the process, he sparked a ferocious government attack on Labour – and by implication on himself – and a fresh burst of controversy over BT's dominance of the UK telecoms market.

Under the arrangement, BT will get its long-sought freedom to provide broadcast entertainment to Britain's homes across new fibre-optic telecoms lines – the so-called "superhighway". In return, it has pledged to provide free connections for schools, hospitals and libraries.

For Mr Blair it was an undoubted victory. Not only did it give his leader's speech the air of a ministerial broadcast, it also offered the promise of massive infrastructure investment at virtually no cost to a Labour Treasury.

Forget that Labour is in combat with the other privatised utilities, and that if BT is allowed into the domestic entertainment market too soon it might strangle the cable operators, eliminating any serious competition in the local telecoms market. For Mr Blair – consciously echoing the technological enthusiasms of Harold Wilson 30 years ago – it is a model public/private partnership. He will boast of it all the way to the next general election due by 1997.

For BT, however, the upside is less certain. Much may now depend upon Sir Iain having called the result of that election correctly.

Lord Tebbit, a non-executive director of BT, has been characteristically robust in his defence, but not all BT's senior executives are as keen on Sir Iain's latest venture.

Some are unconvinced that the company should jump feet first into multimedia for the home – at a cost of between £10bn and £15bn – before demand for it is evident. There is also concern that the chairman, in rushing to leap aboard Mr Blair's bandwagon, may be showing insufficient care for BT's relations with the present government.

Sir Iain's political touch has not always been completely sure. He slipped badly earlier this year on the subject of the salaries of "fat cat" executives. At an appearance before a Commons committee he went on the offensive, telling MPs that he worked so hard for his keep that it might be "relaxing" to be a junior doctor.

"He thought he'd got the measure of them and could inject a few home truths to calm the furore," says a close colleague. He has not repeated the attempt.

His latest political venture could easily leave BT vulnerable. Sir Iain insists there was no deal with Labour, just a response to an evident Labour willingness to implement a call from MPs for the existing BT ban to be lifted.

"What's important for us is to have some degree of regulatory certainty," says Sir Iain. But what if Mr Major, not Mr Blair, rules the roost? "We are certain about the degree of uncertainty we face at the moment," he replies opaquely, refusing to be drawn on the private reaction to this week's "agreement" of Mr Ian Lang, the trade and industry secretary. Mr Lang has made spirited public comments in defence of the protection given to cable companies against early competition from BT.

In short, Sir Iain has taken a gamble. He will have to hope that, even if Mr Blair loses, the present government would not extend the existing BT ban much beyond the initial 10 years promised to the cable companies in 1991. But politicians are a fickle crew, particularly when suffering from pique.

In any case, Sir Iain is unlikely to be at BT by then. Although only 52, he has been chairman of the UK's telecoms giant for eight years and chief executive for nine, and has always said he does not envisage ending his working days in telecoms. His decision to become a non-executive director at the Royal Bank of Scotland may be a pointer. "It is interesting for me to have a foot back in my own country," he says of the job. His parents still live in Edinburgh, and it is not going unnoticed that Lord Younger, Royal Bank's present chairman, will retire in the next few years.

Whatever his next move, Sir Iain's overall record at BT to date is hard to fault. He inherited an inefficient utility. It is now one of the most respected and go-ahead telecoms companies in the world. Prices have fallen sharply in real terms. Efficiency has improved dramatically, with more than 100,000 posts shed in the past five years, yet no serious industrial unrest.

BT's most important challenge is "where next". It has four obvious strings to its bow: large amounts of free cash to invest; a stake in MCI, the second biggest US long-distance carrier, and with it a joint venture to provide one-stop services to multinationals; a share in Cellnet, the highly successful UK mobile phone operator; and the development of a UK "superhighway". A large part of this fibre-optic network is already constructed – but not the vital local network into residential homes and most public-sector institutions.

The problem is how to develop the last two of these – Cellnet and the move into residential multimedia – in a restrictive regulatory environment. Oftel, the telecoms watchdog headed by fellow Scot Mr Don Cruickshank, has not been persuaded by the argument that BT needs a free hand at home to compete effectively abroad. Anyway, for all the hype, the international telecoms market is developing slowly and the UK will be BT's bread and butter for the foreseeable future.

This week's move by Sir Iain is but his latest attempt to overcome what he sees as a regulatory blockage. If it succeeds, he could become prime minister Blair's favourite industrialist – the Lord King of the next government. If it fails, Scotland beckons.

Andrew Adonis

Proposed US legislation to limit immigration and change the status of non-citizens has provoked opposition, says **Jurek Martin**

Rejected by Statue of Liberty

It might be assumed that the current US obsession with immigration is mostly directed at illegal Mexicans streaming across the southern border. That was the thrust of California's Proposition 187 last year, which voted to deny them social services. And it has been a regular refrain this year in the presidential campaigns of populist Republicans such as Pat Buchanan and, until he withdrew a week ago, Governor Pete Wilson of California.

Nothing could be further from the truth. Sprouting, like the Hydra, all over Congress are bills that could affect the status and hopes of all those drawn to, or already in, this nation of immigrants. So wide-ranging are the issues that even the likes of Microsoft, that jewel of the high-technology corporate crown not known as an employer of poor Mexicans, has become involved.

The various bills would, for the first time, deny legal resident non-citizens the social services for which they have paid taxes and would set an arbitrary ceiling for the annual admission of refugees. People seeking to bring in members of their immediate family would be subject to tighter reunification rules over who might be admitted. And exciting the interest of the semiconductor industry, fewer foreigners with special skills to offer would be admitted, with US companies facing the prospect of fees and premium wages for those they do recruit.

Some of the proposals are in broad legislation, such as the reforms of welfare and the Medicare and Medicaid federal health programmes, all of which would circumacriba legal immigrant access. Non-citizens have emerged as easy targets for those in search of budget savings and for both the Buchananite "America Firsters", who loathe multiculturalism in all its manifestations, and the old, union-dominated left, consumed by the need to preserve American jobs for Americans.

Specific attention focuses on two immigration bills still in their congressional committee atages. The House version, more advanced in the drafting, is sponsored by Congressman Lamar Smith of Texas, the Senate counterpart by Alan Simpson of Wyoming. Both use as a working framework the report issued this summer by the Commission on Immigration Reform, the presidentially appointed panel headed by Barbara Jordan, the former Democratic congresswoman from Texas and renowned fighter for civil rights.

This report, welcomed by a White House only too eager to rida the populist anti-immigrant wave with Mrs Jordan as protective cover, recommended that legal admissions, currently running at about 800,000 annually, be progressively cut to 550,000.

Immigration watchers: (left to right) Bill Gates of Microsoft, Senator Alan Simpson and presidential hopeful Pat Buchanan

Of this, 400,000 would be admitted under family reunification, but with priority given to US citizens' spouses and children who are still minors, over the parents, brothers and sisters of legal residents. The special skills category would be reduced to 100,000 from 140,000, and the current 20,000 unskilled quota abolished.

Only 50,000 refugees a year would be permitted to enter without an express waiver from Congress. The inflow to the US of those fleeing unreasonable persecution at home reached a recent high of 207,000 in 1980, dropped to 62,000 in 1983 and 1986 and was about 110,000 last year. Congressman Smith may be willing to raise the refugee cap to 75,000, but only if the principle of Congress setting a ceiling is codified into law.

But it was the recommendations on skilled immigrants that raised Microsoft's hackles. Its domestic labour force is about 25,000 and rising rapidly, of which about 5-7 per cent are foreign born. The commission proposed that employers pay a fee to the government of up to 30 per cent of the first year's salary of an immigrant recruit, plus wages at least 5 per cent above the prevailing norm, and guarantee a minimum of two years' employment. The purpose, the report said, was for companies "to demonstrate the bona fide need for a foreign worker and to increase competitiveness of US workers".

Obviously the money is not a problem to for Microsoft (net income $1.45bn in its last financial year) or any other US semiconductor multinational. Bnt the principle that they cannot recruit whomever they want is a problem, according to Demetrios Papademetriou of tba Carnegie Endowment think-tank and the Washington expert in immigration matters. Ha says companies are perfectly capable of moving operations offshore if the requisite talent is denied them.

Bill Gates of Microsoft said as much in a letter to Congress last month, co-signed by the chairmen of Hewlett-Packard, Intel, Sun Microsystems and Texas Instruments. "The availability of electrical, computer and software engineers on a timely basis is critical to our business success," they wrote. "Delays in design, development and production mean a loss of market share that may never be recaptured."

Dr Papademetriou, who, not coincidentally, has worked closely with Microsoft to lobby for changes in the bills, finds the proposed fees "unreasonable" at best, "extortionary" at 30 per cent, and an unnecessary intrusion by government into corporate affairs. Last month he offered Senator Simpson's sub-committee his own proposed reforms for admitting skilled immigrants. They expand on the "points" systems used by Canada and Australia, under which potential immigrants are assessed by the assets (financial, educational and professional) they offer their new country.

The spectre of "big brother" government was also raised by another commission proposal – to create a database run by the Immigration and Naturalisation Service against which the job applications of all non-citizens would be checked to see if they were legal residents. Those familiar with the legendary inefficiency of the INS, not curable in the year that its respected commissioner Doris Meissner has been in charge, scoff at the idea that it should be entrusted with such a powerful tool. Databases are not exactly perfect: Dr Papademetriou himself was once arrested en route to a White House appointment because a felon by the same name appeared on one used by the Secret Service.

But to Congressman Smith tha idea has merit. "There is simply no other way to protect American citizens and to reduce the magnet of jobs," he told his sub-committee, given thet 40 per cent of the estimated 4m "undocumanted" aliens in the US had simply outstayed their visas and merged into society.

His subcommittee passed the computerised database proposal, but only by a 17-16 margin. Congressman Bill McCollum of Florida, another Republican, went further in proposing soma kind of super social security card to serve as universal identification for those in the job market or seeking benefits.

All this has produced an improbable coalition of interests against the two immigration bills. It includes not only Microsoft bnt small businesses uneasy about government intervention, civil libertarians of left and right and the Catholic Church concerned over family reunification. It does not at present include any prominent Republican, Democrat or independent candidate for the presidency.

Whether Microsoft wins its case or not, sadly likely to be lost in the wash are future refugees, legal residents in reduced circumstances and, too easily forgotten, the poor Mexicans about whom the fuss was supposedly all about.

Shaky pillar of the community

Behind the turmoil in the priesthood lie momentous changes in Irish society, say **Quentin Peel** and **John Murray Brown**

The Roman Catholic Church in Ireland, that bastion of Irish state and society, is in crisis.

Barely a month has gone by in the past year without some revelation or allegation of priestly misconduct, or some evidence of confusion in the once-revered college of conservative bishops who rule the Church. The majority of cases have focused on child abuse, perhaps the ultimate betrayal of trust for a clergyman.

The reaction of the Church leadership has often compounded the problem. It has been defensive about the Church as an institution, rather than showing concern for the welfare of the victims. And it has suggested by its actions that it sees itself as above the law, capable of dealing with the offences and misdemeanours of its priests outside the normal legal process.

Now, on top of its internal travails, the Catholic Church is fighting a battle against the introduction of legal divorce in Ireland, with a referendum to be held on November 24. The latest opinion poll suggests that public support is running two to one in favour of legalising second marriages, something the bishops have furiously opposed for decades.

The turmoil and scandals have called into question the influence of the Church in virtually every aspect of life in southern Irish society, and shattered the morale of its priesthood in a country that boasts more Catholic priests per head of population – one in 800 – than any other.

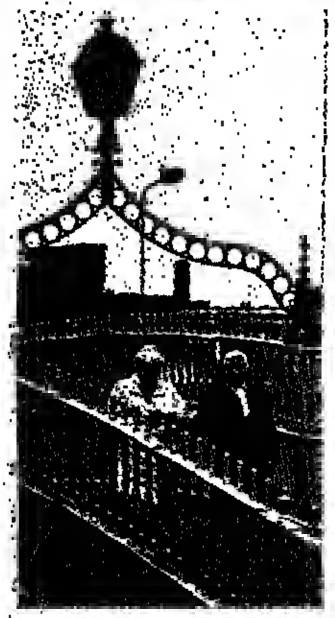
"It is a traumatic upheaval, without any doubt," says Father Gabriel Daly, an Augustinian friar and lecturer in theology at Trinity College, Dublin. As a priest, he feels affected by the series of scandals: "I feel guilt by professional association."

The problem is not so much a crisis of faith as a crisis of the Church as an institution, he says. "It is a huge shift with regard to the perception of the Church and its place in society. It has already damaged the Church as an institution very seriously." Many Catholics would welcome a shake-up in the hierarchy, he adds.

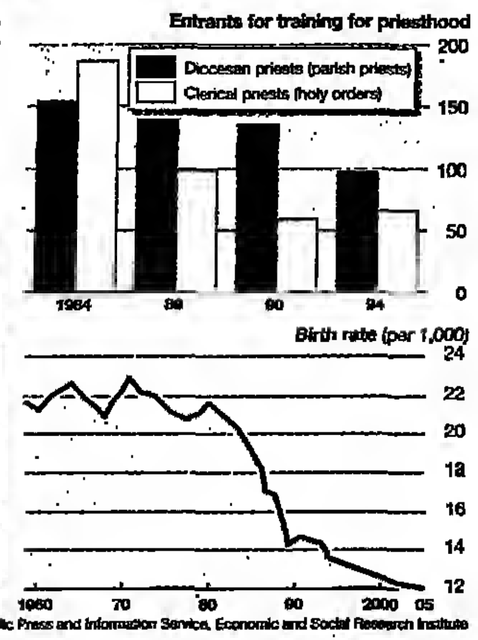
Observers of Irish society believe the Church has failed to keep pace with the social. economic and demographic changes of the past 40 years.

Since the late 1950s, there has been rapid urbanisation, with a consequent decline in traditional rural society, a sharp increase in prosperity, and an opening of Irish society to the outsida world – first through television and then through membership of the European Union. As wealth has risen, the emigration of young people has dropped sharply, causing a sudden increase in the birth rate. This at first could not be contained, because of the Church's resistance to contraception.

Ireland: less influenced by the Church



Ha'penny Bridge, Dublin



Sources: Catholic Press and Information Service, Economic and Social Research Institute

Dr Garret FitzGerald, the former Irish prime minister, sees such demographic changes as crucial to understanding the upheaval in Irish society. They are still working their way through the system. Since 1980, the birth rate has declined again, because of ever more available contraception, the increasing number of young women at work, and a sharp drop in marriages.

The annual number of births has dropped from 74,000 to 48,000 over the past 14 years, but there has been a big increase in births outside marriage to more than 10,000, as well as an estimated 4,000 abortions (mostly performed in Britain).

At the same time, in spite of steady economic growth, the earlier bulge in the birth rate has contributed to a stubbornly high level of long-term unemployment. Some 48 per cent of the jobless have been out of work for more than a year, and one in four for more than three years. Ireland is in effect two economies – one increasingly prosperous and well-educated, the other unskilled and jobless.

"That is not a stable society in any sense," Dr FitzGerald says. "There is a huge revolution taking place. Some of it is liberalisation. Some is destabilising."

The Church leadership has simply failed to cope. "The Church was quite ill-equipped to deal with [the latest scandals]. They have undermined its moral authority," says Dr FitzGerald.

The trail of disgrace goes back two years to a case involving Bishop Eamonn Casey, the primate of Galway, who was revealed to have had an affair with an American divorcee. But the greatest shock came a year ago, when Ulster television broadcast a documentary on the case of a paedophile priest, Fr Brendan Smyth. In spite of repeated allegations against him of child abuse, he had been allowed to continue to act as a priest in Ulster and in Kerry and Cork in tbe south of Ireland for 30 years.

"What we are seeing today are still the reverberations of that affair," says Mr Andy Pollak, religious affairs correspondent of the Irish Times newspaper. "For the last year, the Church failed to understand the deep anger of devout Catholic parents, that this monster of a man was able to have access to children over a 30-year period."

Since then, there has been a series of allegations of child abuse against priests, some of them dating back 20 or 30 years. "It is very difficult to be a priest now," he says. "Cruel jokes are told in their presence. They have very low morale."

It is a measure of how much southern Irish society has changed that it now worries less about how its actions will be viewed in the north. Back in 1986, when Dr FitzGerald called the first referendum on divorce, a strong argument for reform was the need to reassure sceptical Protestants in Northern Ireland. The Protestant community has traditionally resisted reconciliation with the south, let alone unification, because of its perception of the republic as a priest-ridden society.

Few southern Irish voters today believe the steady progress towards a secular society has anything to do with reassuring the north. It is happening because of the internal dynamics of society. In the latest opinion poll, 78 per cent said the reaction of the Northern Irish would not influence their vote, against 14 per cent who thought it might.

Dr FitzGerald believes that Ireland is one of only two European states – the other is Germany – to redefine its national identity successfully in the latter half of the century. It has done so by abandoning its insistence on Irish unification and recognising that it can come about only with the consent of the unionist majority in the north, and by accepting the need to dilute its sovereignty in the European Union.

As a result, the country is a far more self-confident, self-sufficient place than it used to be. Success in other areas – from the international stardom of pop groups such as U2 and the Cranberries, to the Nobel Prize for literature for Seamus Heaney announced on Thursday – has bolstered its self-image.

A willingness to rebel against the heavy-handed leadership of the Church may be part of the same process. "It is going to be a much smaller Church," says Fr Daly. "It will be more pluralistic. It will be a much more lay-centred Church. The pervasive influence will gradually go. People who go to church will do so of their own free will."

Pubs on the hop

Roderick Oram on the deals that are changing British drinking

Britain's pubs are changing. Quiet, back-street boozers serving beer to a few male regulars have long been out of fashion. Many of the new pubs that are taking their place are large, multipurpose leisure venues; people want a wider variety of drinks, better food, children's play areas and entertainment, including sport on satellite television.

Greenalls' offer yesterday of £480m ($760m) for rival pub group Boddington – which will create the biggest UK pub chain independent of a brewer – may be only the first of a series of mergers as owners come to grips with fast changing patterns in British brewing and pub going.

Transforming pubs is an expensive business. A big new pub converted from, say, a bank branch or car showroom can already cost £1m. The 15 largest pub chains – independents and brewers – are looking for a total of 250 to 350 new sites each year around the country, and the competition for property could drive up prices further.

As running a pub becomes more complex and capital-intensive, big owners are putting their faith in professional managers and relegating traditional tenants, the long-standing landlords who know all their customers, to smaller establishments.

While some of these smaller pubs are marginalised, the big owners are fighting to win market share and cut costs with large new establishments and extensive pub networks. To continue to wring deep discounts from ever bigger brewers, Greenalls reckons it has to be an even bigger buyer.

"We'll be buying 1½m barrels [54m pints] a year," says Mr Andrew Thomas, Greenalls chairman. That is equivalent to nearly 5 per cent of UK beer production.

It is not just a question of purchasing power. Greenalls reckons it can strip out some £12m of Boddington's corporate overheads by running the extra 450 pubs alongside its own 1,920 pnbs. "Deals like these put a lot of pressure on marginal pubs," said Mr John Spicer, SBC Warburg's drinks analyst.

The strategy of increasing the size of pubs and replacing tenants with managers will be tested by a string of pub company flotations in the next few months. Many are new businesses created from the thousands of pubs that brewers were forced to sell by the 1989 Beer Orders – these were the regulations used by the government to weaken the traditional system whereby big brewers sold beer through pubs they owned.

First to the market in the next few weeks will be Enterprise Inns with 486 pubs. Then come Pubmaster, the 1,750 pubs of Brent Walker, the financially strapped leisure group; Magic Pub Company with 290; and Tom Cobleigh with about 90. They will have to convince investors they have sufficient economies of scale, financial resources and management skill to flourish.

The road to flotation can be difficult, as Century Inns found last February. It aborted its market debut when the Office of Fair Trading launched an investigation into the industry's wholesale beer pricing. Potential investors bad already noticed tbat a large chunk of Century's profits came from bnying beer cheaply from brewers and selling it to its tenants. Was Century big enough to continue to get large discounts from brewers if the market tightened or if wholesale pricing regimes were changed? In the event, the OFT gave the industry a clean bill of health. But the size question remains.

BASS PUB PROFITS

	Total (£m)	Per pub (£'000)
Managed		
Turnover	940	354
Operating profit	159	60
Margin (%)	16.9	-
Tied tenanted or leased		
Turnover	139	94†
Operating profit	61	42
Margin (%)	43.9	-

† Beer sales to outlet, not retail sales by outlet. Year ended September 1994 = 53 weeks

Source: SBC Warburg

"We buy 100,000 barrels of beer a year, putting us in the top 10 or 15 purchasers," says Mr Alistair Arkley, Century's chief executive. "We're big enough to get a decent deal and I'm not sure the brewers have much more to give Greenalls, even with Boddingtons."

Nor is Mr Arkley convinced by the argument that tenancies are becoming an unattractive business proposition for a pub owner. "They throw off cash and they are simple to run. A tenant can make a good living and the customer gets treated well by somebody who is motivated."

This argument is reinforced by the accompanying figures about Bass, one of Britain's largest owners with some 4,000 pubs, which show high profit margins from tenancies. But Bass, already close to the government ceiling on the number of pubs it can own, has like other national brewers moved to bigger houses and sold off smaller ones; and because of the operational demands of large pubs, big brewers have favoured managers over tenants.

Amid the big pub deals and changing customer demands, however, there is still room for the traditional relationship. Mr Ben Vidler, tenant of the Wheatsheaf, Newark, in the east midlands, says he earns a decent living and believes tenancies can continue to work as a partnership between brewer and landlord.

When Mansfield Brewery, which owns his pub, wanted to install a kitchen as part of a modernisation programme, he resisted fiercely. He says he knows better than tbe brewery wbat his cnatomers want. "There's nothing worse than greasy lips for killing the taste of beer," he says.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Priority for EU democracy

From Mr Giles Conway-Gordon.

Sir, Your editorial "Laws made in secret" (October 3) commented on the secretive and essentially undemocratic nature of the European Community legislative process.

Some while ago yon published an article by David Williamson, secretary-general of the European Commission (Personal View, December 15 1994), praiaing its achievements, openness and cost-effectiveness. One of his claims (presumably unironic) was that with the new powers granted to the European parliament the system was "now genuinely democratic".

If this is so then the parliament should perhaps, as a priority, review for ratification, amendment, or repeal the whole body of "legislation" imposed on the EU's citizens since inception. This would provide some semblance of the genuine democratic authority so lacking, as your editorial made clear, in the conduct of the EU's affairs and so urgently needed if it is to command real pnblic support.

Giles Conway-Gordon,
1285 Avenue of the Americas-18th floor,
New York, NY 10019, US

Put stress on prevention of financial crises

From Dr S. Griffith-Jones.

Sir, Robert Chote's article "Forging a bankruptcy code for countries" (October 6) focuses on better ways of managing a "Mexico-style crisis".

I am surprised, in the international policy debate, how much more attention has been given to crisis management and how relatively little focus has been placed on crisis prevention. This is far less costly for all involved than the necessarily difficult and disruptive management of crises.

Senior financial anthorities meeting in Washington should also consider the option of greater disclosure and/or some additional regulatory restrictions on investors, ao as to help avoid very large and easily reversible surges of capital inflows to emerging markets. These could relate in particular to flows to countries with very large current accoont deficits.

Though discouragement of excessive flows may pose some problems, it seems far superior to either a world of frequent and costly currency crises and/or to a world where ex-post restrictions on capital outflows are imposed, as the bankruptcy code ideas suggest.

In international capital flows – as in medicine – prevention is far more desirable, efficient and cheaper than curing avoidable illnesses!

Stephany Griffith-Jones,
fellow, Institute of Development Studies,
University of Sussex,
Brighton BN1 9RE, UK

Revival of the 'Chatham Chest' would ensure Navy retains Chatham House

From Commander Roger Paine.

Sir, The magnificent reproduction of Canaletto's painting of Greenwich Hospital (Weekend Property supplement: "Up for grabs – a piece of England'a glory", September 30) and the report that the site is now "up for grabs" reminds me thet just over 400 years ago Sir John Hawkins, who was then treasurer of the Tudor Navy, founded the "Chatham Chest".

This was for the relief of sick and wounded sailors and from 1625 onwards every man was ordered to contribute sixpence a month from his wages to this early charitable fund.

The coins were dropped through a tiny hold into the chest which was secured by four padlocks the keys of which were, reputedly, held by four different admirals in order to prevent clandestine embezzlement.

In 1803 the chest was renamed the "Chest at Greenwich" and the accrued contents combined with the funds of the Greenwich Hospital to maintain the buildings which now comprise the RN College, Greenwich. The original chest can still be seen at the nearby National Maritime Museum.

As the Greenwich College site is now on the open market at an annual rental of £400,000 it might be appropriate to re-establish proper use of the chest and to obtain mandatory contributions from today's serving officers and men.

By conservative estimates of inflation sixpence (2½p) must be worth at least £10 so thet one montb's contributions of this sum from everyone in the 1995 navy would easily pay the first year's rent in advance and ensure the navy remains at this historic location.

Messrs Knight, Frank & Rutley as estate agents responsible for finding a suitable tenant could be custodians of the padlock keya.

Roger Paine, RN,
4 Yeats Close,
Eliot Park,
London SE13 7EG, UK

Tender in Portuguese, please

From Mr Euzi Tofpik.

Sir, I write in reference to a recent tender for the State of Parana, Brazil, which appeared in the FT on October 3. I am a native of that state and watch with interest and pride how we are gradually building up our infrastructure with outside help.

I therefore feel more than a little disappointed that when my government issues a tender (I assume in the official language, Portuguese), someone has assumed that all Latin Americans converse in Spanish. I hold nothing against our Spanish-speaking neighbours other than I would like to understand my own atate's operations.

Euzi Tofpik,
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In portfolio performance look to the record of value managers

From Mr David Morris.

Sir, Barry Riley's informative article ("The trouble for Harry in modelling the All-Share", October 4) ends with Mr Harry Markowitz's observation that "just 200 basis points of excess return would rank the Cudos model among the best UK active managers".

The Cudos model takes a value approach to stock selection. Therefore, it would make sense to compare its performance, not to all active managers, but to other value managers.

Having researched the strategies of 250 UK equity portfolios over the past nine years, we have identified 69 that use virtually the same value criteria as Cudos.

The best value managers are those with top quartile performance compared will the All-Share. For the three years ending June 1995, the average outperformance of the 17 top quartile valne portfolios in our database was 385 basis points. The worst was 200 basis points and the best was 635.

It is a truism that 200 excess basis points would rank any equity manager among the best active managers in the UK. Over the past three years however, much more than 200 excess basis points would have been required to rank among the best value managers.

David Morris,
managing director,
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CURRENCIES AND MONEY

MARKETS REPORT

Franc sinks

By Philip Gawith

Foreign exchanges had a hectic day yesterday with a sharp fall in the French franc forcing the Bank of France to take preventive measures to protect the currency.

The central bank closed its 5-10 day lending window after the franc had fallen more than five centimes on the day against the D-Mark. By making it more difficult, and expensive, for speculators to borrow the currency, the BoF managed to stop the rot, with the franc closing in London at FFr3.514, after earlier falling as low as FFr3.522, compared to Thursday's close of FFr3.468.

The trigger for selling was renewed rumours that Mr Alain Juppe, the prime minister, would resign, although the main reason for franc weakness is the market's belief that France will not be able to meet the Maastricht convergence criteria without a weaker currency and lower interest rates.

The franc's travails appeared to help the dollar, with traders reasoning that the Bundesbank may be forced to sell D-Marks to prevent further franc weakness, in the process helping the US currency.

It was also helped by some verbal support from Mr Robert Rubin, the US treasury secretary, who said in Washington that he "strongly believed" in a stronger dollar.

■ Pound in New York

Oct 6	—Latest—	—Prev. close—
£ spot	1.5810	1.5854
1 mth	1.5798	1.5842
3 mth	1.5778	1.5824
1 yr	1.5683	1.5732

The dollar had earlier had a fairly volatile day as it tracked the gyrations in the bond market. It closed at DM1.427 and Y100.75, after earlier touching lows of DM1.4130 and Y99.60 against the D-Mark and the yen.

The ECU also remained in the frame as a symptom of market unease about the outlook for monetary union in Europe. It finished at DM1.831, from DM1.835, after earlier slipping as low as DM1.826.

The discount between the open market value of the ECU and its theoretical level also rose to its widest level since the European currency crisis of September 1992.

Sterling took its lead from moves elsewhere in the market, finishing at DM2.2558 and $1.5809, from DM2.2631 and $1.5825.

■ Markets have long been sceptical about the Chirac government's commitment to the policy of *franc fort*. Initially it was reasoned that Mr Chirac's pledge to take decisive action to address unemployment was incompatible with *franc fort*.

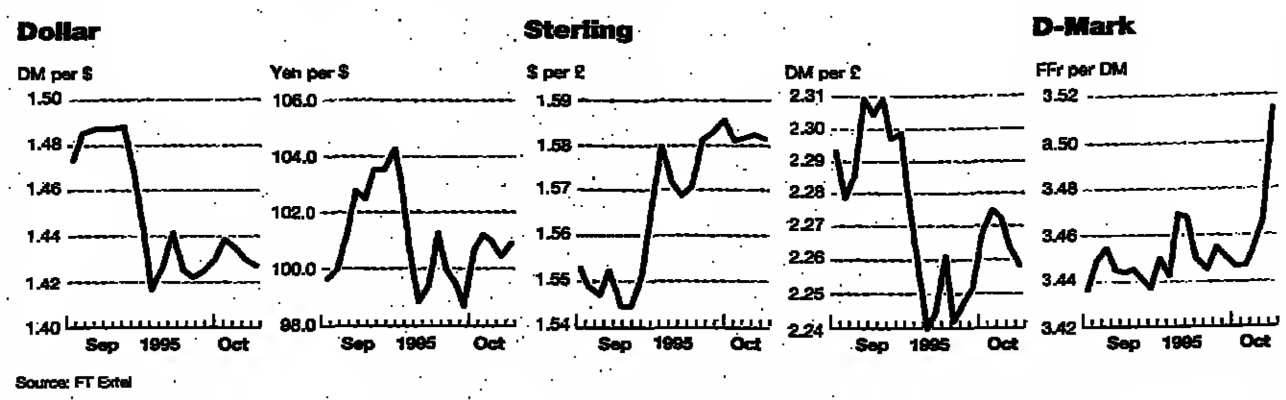
More recently, the argument has shifted with traders arguing that France can only qualify for participation in a single European currency if growth is stimulated through a weaker franc and lower interest rates.

Whatever the reasoning, the market yesterday smelt blood and there was a strong sense of incipient crisis. Mr David Cocker, economist at Chemical Bank in London, described the BoF's response as "opening the doors to the battle it envisages itself having with the foreign exchange markets."

Traders said the franc's fall was the product of hedge fund selling, as well as sales by French investors. There were rumours in the market that hedge funds managed by Mr George Soros had purchased options to buy D-Marks at FFr3.50 and FFr3.60, and that this had prompted D-Mark buying in the spot market by those who had written these options.

A symptom of the turmoil in the market was the performance of PIBOR interest rate futures. The December contract had at one stage fallen by over 70 basis points.

But Mr Tony Norfield, UK treasury economist at ABN AMRO in London said the relative stability in the longer-dated contracts was evidence that markets considered the current volatility to be a short-term phenomenon.



Source: FT Extel

POUND SPOT FORWARD AGAINST THE POUND

Oct 6		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8723	-0.0533	631 - 815	15.9155	15.7805	15.8416	2.3	15.7833	2.2	-	-	107.1
Belgium	(BFr)	46.4612	-0.0881	222 - 002	46.5010	46.1440	46.3662	2.5	46.1762	2.5	45.4412	2.2	109.8
Denmark	(DKr)	8.7753	-0.0107	715 - 791	8.7833	8.7348	8.7678	1.0	8.7811	1.1	8.6886	1.0	110.2
Finland	(FM)	6.8170	+0.0209	116 - 221	6.8330	6.7720	6.8126	0.8	6.8045	0.7	-	-	88.1
France	(FFr)	7.9278	+0.079	251 - 305	7.9327	7.8083	7.9225	0.8	7.9112	0.8	7.8545	0.9	108.5
Germany	(DM)	2.2559	-0.0072	547 - 570	2.2605	2.2423	2.2508	2.7	2.2414	2.6	2.2004	2.5	112.3
Greece	(Dr)	370.870	-0.412	609 - 132	371.781	368.655	-	-	-	-	-	-	67.2
Ireland	(I£)	0.9818	-0.0004	808 - 824	0.9843	0.9804	0.9808	1.0	0.9795	0.9	0.9763	0.5	87.8
Italy	(L)	2556.78	+8.2	520 - 836	2562.07	2550.24	2564.04	-3.4	2576.94	-3.5	2647.09	-3.5	69.8
Luxembourg	(LFr)	46.4612	-0.0881	222 - 002	46.5010	46.1440	46.3662	2.5	46.1762	2.5	45.4412	2.2	109.8
Netherlands	(Fl)	2.5304	-0.0036	293 - 315	2.5317	2.5135	2.534	3.1	2.513	2.8	2.4668	2.5	109.8
Norway	(NKr)	9.9697	+0.0188	657 - 738	9.9868	9.9140	9.9573	1.5	9.9354	1.4	9.8599	1.1	99.3
Portugal	(Es)	237.333	+0.433	201 - 465	238.589	235.800	237.873	-2.7	239.003	-3.0	-	-	95.6
Spain	(Pta)	195.830	-0.125	520 - 740	196.099	195.140	196.13	-3.1	197.07	-2.8	201.47	-3.0	81.0
Sweden	(SKr)	11.1122	+0.0914	045 - 199	11.1355	11.0065	11.1144	-0.2	11.1189	-0.2	11.1423	-0.3	82.0
Switzerland	(SFr)	1.8158	-0.003	145 - 167	1.8182	1.8011	1.8065	4.7	1.7967	4.2	1.7437	4.0	116.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.1
Ecu	-	1.2315	-0.0012	309 - 320	1.2347	1.2240	1.2304	1.1	1.2282	1.1	1.2188	1.0	-
SDR†	-	1.06144	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5800	-0.0023	797 - 803	1.5870	1.5789	-	-	-	-	-	-	-
Brazil	(R$)	1.5150	-0.0016	147 - 153	1.5216	1.5140	-	-	-	-	-	-	-
Canada	(C$)	2.1058	-0.0072	049 - 063	2.1234	2.1040	2.1047	0.5	2.1044	0.2	2.1098	-0.2	85.6
Mexico	(New Peso)	10.3309	+0.0209	134 - 483	10.3617	10.3125	-	-	-	-	-	-	-
USA	($)	1.5809	-0.0016	806 - 811	1.5880	1.5797	1.5797	0.9	1.5785	0.6	1.5686	0.8	92.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0767	-0.0053	758 - 777	2.0785	2.0750	2.078	-0.8	2.0809	-0.8	2.0956	-0.9	87.1
Hong Kong	(HK$)	12.2239	-0.0109	212 - 265	12.2788	12.2158	12.2204	0.3	12.208	0.5	12.1744	0.4	-
India	(Rs)	53.5908	-0.0481	665 - 151	53.8170	53.5840	-	-	-	-	-	-	-
Israel	(Shk)	4.7556	-0.0035	510 - 602	4.7848	4.7510	-	-	-	-	-	-	-
Japan	(Y)	159.271	+0.285	169 - 375	159.440	157.810	158.356	6.9	156.746	6.3	149.821	5.8	142.9
Malaysia	(M$)	4.0099	-0.0029	084 - 113	4.0232	4.0061	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3871	-0.0097	858 - 884	2.3890	2.3849	2.3931	-3.0	2.4023	-2.5	2.4279	-1.7	101.6
Philippines	(Peso)	40.9282	-0.0744	901 - 663	40.9700	40.8816	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9290	-0.0064	277 - 302	5.9555	5.9250	-	-	-	-	-	-	-
Singapore	(S$)	2.2583	-0.0007	571 - 594	2.2693	2.2542	-	-	-	-	-	-	-
South Africa	(R)	5.7879	-0.0089	858 - 900	5.8091	5.7833	-	-	-	-	-	-	-
South Korea	(Won)	1215.04	-2.3	469 - 639	1220.38	1214.32	-	-	-	-	-	-	-
Taiwan	(T$)	42.5233	+0.1162	992 - 474	42.6981	42.4089	-	-	-	-	-	-	-
Thailand	(Bt)	39.7031	-0.0572	889 - 172	39.8430	39.6820	-	-	-	-	-	-	-

† Rates for Oct 5. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	10.0404	-0.0232	361 - 446	10.0480	9.9745	10.0253	1.6	9.9962	1.6	9.8659	1.5	108.8
Belgium	(BFr)	29.3900	-0.025	700 - 100	29.4300	29.1480	29.346	1.7	29.27	1.8	28.97	1.4	108.9
Denmark	(DKr)	5.5510	-0.001	495 - 525	5.5580	5.5065	5.5516	-0.2	5.5475	0.3	5.557	-0.1	109.1
Finland	(FM)	4.3122	+0.0176	095 - 148	4.3196	4.2745	4.3117	0.1	4.3107	0.1	4.3062	0.1	87.5
France	(FFr)	5.0149	+0.0551	140 - 158	5.0175	4.9343	5.1002	-20.4	5.0102	0.4	4.9979	0.3	109.2
Germany	(DM)	1.4270	-0.0031	265 - 275	1.4300	1.4135	1.4248	1.8	1.4204	1.8	1.4016	1.8	111.2
Greece	(Dr)	234.625	-0.505	600 - 730	235.100	232.590	236.39	-8.8	239.38	-8.4	253.065	-7.8	67.0
Ireland	(I£)	1.6105	-0.001	095 - 115	1.6185	1.6080	1.6107	-0.1	1.6108	-0.1	1.6173	-0.4	-
Italy	(L)	1617.35	+5.8	660 - 810	1616.10	1609.00	1624.1	-5.0	1638.15	-4.6	1693.35	-4.7	69.4
Luxembourg	(LFr)	29.3900	-0.025	700 - 100	29.4300	29.1480	29.346	1.7	29.27	1.8	28.97	1.4	109.8
Netherlands	(Fl)	1.6007	-0.0006	002 - 011	1.6018	1.5850	1.598	2.0	1.593	1.8	1.573	1.7	108.7
Norway	(NKr)	6.3065	+0.0185	050 - 080	6.3231	6.2480	6.3027	0.7	6.2965	0.6	6.2685	0.3	98.5
Portugal	(Es)	150.130	+0.43	070 - 190	150.700	148.850	150.595	-3.7	151.805	-3.6	158.23	-4.1	95.6
Spain	(Pta)	123.750	+0.08	700 - 800	124.090	123.130	124.13	-3.7	124.8	-3.7	128.395	-3.8	80.5
Sweden	(SKr)	7.0293	+0.0851	255 - 330	7.0403	6.9449	7.0468	-3.0	7.0833	-3.1	7.2516	-3.2	82.2
Switzerland	(SFr)	1.1485	-0.0007	480 - 490	1.1512	1.1345	1.1449	3.8	1.1388	3.4	1.111	3.3	115.9
UK	(£)	1.5809	-0.0016	806 - 811	1.5880	1.5797	1.5797	0.9	1.5785	0.6	1.5686	0.8	84.4
Ecu	-	1.2838	-	834 - 841	1.2846	1.2831	1.2842	-0.4	1.2846	-0.2	1.2872	-0.3	-
SDR†	-	0.67002	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0004	994 - 995	0.9995	0.9994	-	-	-	-	-	-	-
Brazil	(R$)	0.9584	-0.0001	583 - 584	0.9585	0.9581	-	-	-	-	-	-	-
Canada	(C$)	1.3320	-0.0031	317 - 322	1.3395	1.3315	1.3326	-0.4	1.3336	-0.5	1.344	-0.9	84.5
Mexico	(New Peso)	6.5350	+0.02	250 - 450	6.5450	6.5200	6.5373	-0.4	6.5404	-0.3	6.6453	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3135	-0.0021	132 - 141	1.3144	1.3089	1.3153	-1.6	1.3189	-1.6	1.3386	-1.9	87.7
Hong Kong	(HK$)	7.7325	+0.0012	320 - 330	7.7333	7.7317	7.7341	-0.2	7.736	-0.2	7.7562	-0.3	-
India	(Rs)	33.9000	+0.005	900 - 100	33.9500	33.8200	34.05	-5.3	34.355	-5.4	35.825	-5.7	-
Israel	(Shk)	3.0083	+0.0009	058 - 107	3.0117	2.9985	-	-	-	-	-	-	-
Japan	(Y)	100.750	+0.285	700 - 800	100.800	99.6800	100.255	5.9	99.335	5.6	95.45	5.3	143.6
Malaysia	(M$)	2.5365	+0.0008	360 - 370	2.5390	2.5335	2.5365	0.0	2.5369	-0.1	2.5445	-0.3	-
New Zealand	(NZ$)	1.5099	-0.0046	094 - 105	1.5107	1.5044	1.514	-3.3	1.5215	-3.1	1.5462	-2.4	-
Philippines	(Peso)	25.8800	-0.02	700 - 100	25.9100	25.8700	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0001	503 - 507	3.7508	3.7503	3.7511	-0.2	3.7519	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.4285	+0.001	280 - 290	1.4322	1.4250	1.4251	2.6	1.4188	2.7	1.394	2.4	-
South Africa	(R)	3.6613	-0.0016	605 - 620	3.6660	3.6575	3.6866	-8.3	3.7367	-8.2	3.9678	-8.4	-
South Korea	(Won)	768.600	-0.85	500 - 700	769.500	768.300	771.6	-4.7	775.1	-3.4	793.6	-3.3	-
Taiwan	(T$)	26.8990	+0.1015	880 - 100	26.9100	26.7700	26.916	-0.8	26.959	-0.9	-	-	-
Thailand	(Bt)	25.1150	-0.01	100 - 200	25.1200	25.1000	25.2025	-4.2	24.85	4.2	26.07	-3.8	-

† SDR rate per $ for Oct 5. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 5. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 6	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	3.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	3.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	-	6.15
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	-	6.15
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.50	3.50	4.05
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.50	3.50	4.08
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	10.36
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	10.29
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.50	3.80
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.50	3.80
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	2.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	2.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.25	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.25	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.61	5.60	5.60	5.65	-	-	-
week ago	-	5.61	5.60	5.63	5.74	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 6	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	3 15/16 - 3 13/16	3 15/16 - 3 13/16	3 15/16 - 3 13/16	[illegible]	6½ - 6	6 13/16 - 6 9/16
French Franc	6 - 5½	6¼ - 6	9⅛ - 9	9⅜ - 9¼	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	9⅜ - 9¼	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	9⅜ - 9¼	[illegible]	[illegible]	[illegible]
Sterling	7 - 6¾	6 13/16 - 6 11/16	6¾ - 6 11/16	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	2¼ - 2⅛	[illegible]	2⅜ - 2¼	2⅜ - 2¼	2⅜ - 2¼
Can. Dollar	[illegible]	6¼ - 6⅛	6¼ - 6⅛	6⅜ - 6¼	6½ - 6⅜	[illegible]
US Dollar	5¾ - 5½	5 13/16 - 5 11/16	5⅞ - 5 11/16	5 13/16 - 5 11/16	5⅞ - 5¾	5⅞ - 5 11/16
Italian Lira	[illegible]	10⅜ - 10¼	10½ - 10¼	10¾ - 10½	10¾ - 10⅝	10 13/16 - 10 11/16
Yen	½ - 7/16	7/16 - 5/16	[illegible]	[illegible]	[illegible]	⅜ - ¼
Asian $Sing	2⅝ - 2½	2¾ - 2⅝	[illegible]	2⅞ - 2¾	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.17	93.00	-0.42	93.27	92.65	143,883	39,139
Mar	93.79	93.92	-0.03	94.00	93.70	31,177	29,334
Jun	94.15	94.30	+0.08	94.32	94.12	14,016	21,022

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.04	96.06	+0.01	96.08	96.04	30223	145883
Mar	96.13	96.17	+0.03	96.16	96.12	34098	159904
Jun	96.03	96.08	+0.05	96.10	96.00	35765	122585
Sep	95.82	95.86	+0.04	95.87	95.79	16320	88262

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.41	89.40	-0.08	88.46	89.30	11739	35004
Mar	89.72	89.76	-0.04	89.79	89.64	2795	23594
Jun	89.82	89.87	-0.03	89.87	89.76	958	12601
Sep	89.84	89.87	-0.02	89.87	89.62	113	7754

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.63	97.68	+0.04	97.71	97.62	7549	24438
Mar	97.70	97.78	+0.06	97.81	97.70	6119	14310
Jun	97.58	97.67	+0.07	97.69	97.58	2024	4576
Sep	97.39	97.48	+0.07	97.50	97.39	294	2687

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.28	94.17	-0.19	94.32	94.05	3738	7366
Mar	94.35	94.40	-0.07	94.43	94.25	1202	4187
Jun	94.37	94.41	-0.04	94.42	94.30	462	2623
Sep	94.22	94.24	-0.03	94.22	94.10	435	1426

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 6		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	16.69	17.06	4.858	2.114	5504	5.446	21.46	510.8	421.0	23.91	3.909	2.152	4.533	3.403	342.9	2.652
Denmark	(DKr)	52.95	10	9.035	2.571	1.119	2914	2.883	11.36	270.4	222.8	12.66	2.070	1.140	2.400	1.802	181.5	1.404
France	(FFr)	58.60	11.07	10	2.846	1.239	3225	3.191	12.58	299.3	246.7	14.01	2.291	1.261	2.658	1.994	200.8	1.554
Germany	(DM)	20.59	3.890	3.514	1	0.435	1133	1.121	4.419	105.2	86.70	4.925	0.805	0.443	0.934	0.701	70.61	0.546
Ireland	(I£)	47.31	8.936	8.073	2.297	1	2604	2.576	10.15	241.6	199.2	11.31	1.846	1.016	2.145	1.610	162.2	1.255
Italy	(L)	1.817	0.343	0.310	0.088	0.038	100.	0.099	0.390	9.280	7.650	0.434	0.071	0.039	0.082	0.062	6.230	0.048
Netherlands	(Fl)	18.36	3.468	3.134	0.892	0.388	1011	1	3.941	93.79	77.31	4.391	0.718	0.395	0.832	0.625	62.96	0.487
Norway	(NKr)	46.60	8.801	7.952	2.263	0.985	2565	2.538	10	238.0	196.2	11.14	1.821	1.003	2.112	1.586	159.8	1.236
Portugal	(Es)	18.58	3.698	3.341	0.951	0.414	1078	1.066	4.201	100.	82.43	4.682	0.765	0.421	0.887	0.666	67.13	0.519
Spain	(Pta)	23.75	4.486	4.053	1.153	0.502	1307	1.293	5.097	121.3	100.	5.680	0.926	0.511	1.077	0.808	81.44	0.630
Sweden	(SKr)	41.82	7.898	7.136	2.031	0.884	2302	2.277	8.974	213.8	176.1	10	1.635	0.900	1.896	1.423	143.4	1.109
Switzerland	(SFr)	25.58	4.832	4.366	1.242	0.541	1408	1.393	5.490	130.7	107.7	6.116	1	0.551	1.160	0.871	87.72	0.678
UK	(£)	46.46	8.775	7.928	2.256	0.982	2557	2.530	9.970	237.3	195.6	11.11	1.818	1	2.106	1.581	159.3	1.232
Canada	(C$)	22.06	4.167	3.764	1.071	0.466	1214	1.201	4.734	112.7	82.88	5.275	0.862	0.475	1	0.751	75.64	0.585
US	($)	29.39	5.550	5.015	1.427	0.621	1617	1.600	6.306	150.1	123.7	7.027	1.149	0.633	1.332	1	100.8	0.779
Japan	(Y)	29.17	5.508	4.977	1.418	0.619	1605	1.588	6.259	149.0	122.8	6.974	1.140	0.628	1.322	0.992	100.	0.773
Ecu		37.71	7.123	6.435	1.831	0.797	2075	2.054	8.093	192.6	158.8	9.016	1.474	0.812	1.709	1.283	129.3	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7056	0.7054	-0.0009	0.7099	0.7030	23,848	46,096
Mar	0.7092	0.7085	-0.0002	0.7131	0.7080	536	2,430
Jun	-	0.7110	-	-	-	5	87

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8832	0.8816	-0.0010	0.8875	0.8785	16,382	32,098
Mar	0.8915	0.8890	-	0.8947	0.8875	131	2,083
Jun	-	0.8960	-	0.9010	0.8960	29	50

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0165	1.0083	-0.0079	1.0175	1.0070	21,733	58,437
Mar	1.0315	1.0232	-0.0044	1.0316	1.0225	759	6,584
Jun	-	1.0320	-	-	-	10	316

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5820	1.5808	-0.0028	1.5860	1.5794	4,828	30,242
Mar	-	1.5790	-	1.5830	1.5770	2	118
Jun	-	1.5770	-	1.5790	1.5740	14	10

EMS EUROPEAN CURRENCY UNIT RATES

Oct 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.09484	-0.00837	-2.66	5.96	20
Belgium	39.3960	38.5015	-0.1285	-2.27	5.53	17
Germany	1.91007	1.86989	-0.00844	-2.10	5.35	21
Austria	13.4383	13.1577	-0.0599	-2.09	5.34	18
Denmark	7.28580	7.27811	-0.0128	-0.11	3.25	1
Spain	162.493	162.463	+0.172	-0.02	3.16	0
Portugal	195.792	196.818	+0.061	0.52	2.60	-4
France	6.40608	6.54852	+0.036	2.22	0.90	-19
Ireland	0.792214	0.817078	+0.004572	3.14	0.00	-21
NON ERM MEMBERS						
Greece	292.867	307.788	+0.871	5.09	-1.86	-
Italy	2106.15	2125.18	+12.08	0.90	2.21	-
UK	0.786652	0.832126	+0.004274	5.78	-2.50	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Oct	Nov	Dec	PUTS Oct	Nov	Dec
1.540	4.46	4.79	5.28	-	0.45	0.96
1.550	3.52	3.99	4.56	-	0.65	1.24
1.560	2.61	3.25	3.90	0.09	0.91	1.58
1.570	1.84	2.59	3.29	0.28	1.17	1.97
1.580	1.16	2.06	3.01	0.59	1.58	2.16
1.590	0.65	1.57	2.74	1.09	2.10	2.42

Previous day's vol., Calls 15,634Puts 8,968 . Prev. day's open int., Calls 256,118 Puts 276,968

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.25	94.24	-	94.31	94.21	87,046	413,754
Mar	94.41	94.39	-0.02	94.46	94.35	112,757	359,719
Jun	94.38	94.36	-0.02	94.44	94.32	52,228	247,304

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.79	94.77	-0.01	94.84	94.76	880	13,755
Mar	94.88	94.87	-	94.93	94.85	179	3,602
Jun	-	94.85	-	-	94.85	12	149

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	Nov	Dec	Mar	PUTS Oct	Nov	Dec	Mar
9600	0.08	0.10	0.13	0.29	0.02	0.04	0.07	0.12
9625	0	0.02	0.04	0.15	0.19	0.21	0.23	0.23
9650	0	0	0.01	0.06	0.44	0.44	0.45	0.39

Est. vol. total, Calls 4226 Puts 2863. Previous day's open int., Calls 227242 Puts 223463

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9750	0.23	0.36	0.38	0.05	0.08	0.21
9775	0.08	0.20	0.23	0.15	0.17	0.31
9800	0.03	0.08	0.12	0.35	0.30	0.45

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5125 Puts 800

UK INTEREST RATES

LONDON MONEY RATES

Oct 6	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 6¼	6¾ - 6⅝	6¾ - 6⅝	6 13/16 - 6 11/16	6 13/16 - 6 11/16	6 13/16 - 6 11/16
Sterling CDs	-	-	6 21/32 - 6 21/32	6 23/32 - 6 21/32	6 23/32 - 6 21/32	6 23/32 - 6 21/32
Treasury Bills	-	-	6 21/32 - 6 19/32	6⅝ - 6 9/16	-	-
Bank Bills	-	-	6 11/16 - 6⅝	6⅝ - 6 9/16	6 13/16 - 6 13/16	-
Local authority deps.	6 11/16 - 6 9/16	6 11/16 - 6 9/16	6 11/16 - 6⅝	6 11/16 - 6⅝	6 11/16 - 6 9/16	6 11/16 - 6 9/16
Discount Market deps	7 - 6½	6¾ - 6⅝	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	8	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.5775pc. ECGD fixed rate Stg. Export Finance. Make up day Sep 29, 1995. Agreed rate for period Oct 25, 1995 to Nov 25, 1995, Schemes II & III 8.04pc. Reference rate for period Sep 1, 1995 to Sep 29, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from October 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.43	93.39	-0.06	93.44	93.33	26461	103334
Mar	93.50	93.49	-0.03	93.52	93.39	32071	81064
Jun	93.47	93.46	-0.03	93.48	93.37	21115	48851
Sep	93.30	93.28	-0.03	93.30	93.20	7064	34407
Dec	93.07	93.09	-0.01	93.09	92.98	3565	26804

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9325	0.24	0.44	0.56	0.10	0.20	0.35
9350	0.10	0.29	0.41	0.21	0.30	0.45
9375	0.04	0.18	0.29	0.40	0.44	0.58

Est. vol. total, Calls 1478 Puts 4120. Previous day's open int., Calls 134808 Puts 123383

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	●Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
8925	0.50	0.68	1.06	0.35	0.37	0.44
8950	0.35	0.72	0.90	0.45	0.46	0.53
8975	0.25	0.58	0.75	0.60	0.57	0.63

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 12574 Puts 5943

■ OTHER CURRENCIES

Oct 6	£	$
Czech Rp	41.5887 - 41.6209	26.3120 - 26.3240
Hungary	207.786 - 207.931	131.460 - 131.510
Iran	4743.30 - 4741.80	3000.00 - 3000.00
Kuwait	0.4732 - 0.4737	0.2994 - 0.2996
Poland	3.8514 - 3.8574	2.4430 - 2.4460
Russia	7105.46 - 7107.96	4494.00 - 4497.00
U.A.E.	5.8048 - 5.8074	3.6725 - 3.6730

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Companies & Finance page in Monday's edition.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
61 Belmont Rd, Uxbridge, Middx UB8 1RZ 01895 259783

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
AIB Grofund American	5		186.3	198.1	-0.20	0.18
AIB Grofund Asia Pacific	5		90.51xd	105.9	-0.40	0.42
AIB Grofund Equity	6		262.3	279.0	-0.70	2.11
AIB Grofund Euro	6		227.9	241.2	+0.20	1.13
AIB Grofund Exp Balanced	3		122.7	127.2	—	1.02
AIB Grofund Gilt	3		73.79	76.07	-0.09	6.35
AIB Grofund Japan	5		168.4	176.1	+1.80	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 01203 553231

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
General Inc	5		516.4xd	549.4	[illegible]	[illegible]
General Acc	5		601.1xd	639.6	-2.7	[illegible]
UK Growth Acc	0		406.6	432.6	-2.7	[illegible]
UK Growth Inc	6		274.5	292.1	-1.8	[illegible]
Higher Inc Acc	6		752.0	800.1	-5.4	[illegible]
Higher Inc Inc	6		427.3	454.6	-1.4	[illegible]
Gilts/Fxd Int Acc	3½		107.0xd	206.1	-1.8	[illegible]
Gilts/Fxd Int Inc	3½		80.75xd	95.85	-0.47	[illegible]
Nth America	5		317.6	337.9	+0.8	[illegible]
Europe	6		304.5xd	324.4	-1.1	[illegible]
Brit Expert	6		81.36	86.56	-0.48	[illegible]
Brit Fndmntls Acc	6		110.2xd	117.3	-0.6	[illegible]
Brit Fndmntls Inc	6		77.20xd	82.13	-0.43	[illegible]
Global Opps	6		93.06	98.55	+0.50	[illegible]
Balanced Acc	6		60.60	62.36	-0.21	[illegible]
Balanced Inc	6		56.06	58.67	-0.10	[illegible]
Japan 1st Acc	6		45.03xd	47.01	+0.0	[illegible]
Pacific Basin Tst Acc	6		374.0	397.8	+0.3	[illegible]

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Extra Income	6		44.75xd	47.01	-0.09	6.44
Gilts & Fixed Inc	6		127.7xd	136.5	-0.6	7.36
High Inc Equity	6		175.1xd	187.2	+0.2	4.20
Managed Income	6		47.00xd	50.00	-0.02	4.85
Worldwide Bond	5		282.5	299.6	+0.5	4.67
American Growth	6		319.4	341.8	+2.8	.64
Asian Pacific	6		310.5	338.8	+1.2	—
Assets & Earnings	6		295.5	314.4	+0.8	2.70
Capital Reserve Acc	6		136.7	139.6	-0.1	5.04
Comdty & Energy	0		104.7	112.0	+0.7	.12
Euro Capital Acc	6		158.3	166.0	+0.4	.62
Euro Capital Inc	6		144.8	154.9	-0.8	.63
General	6		262.7	270.5	—	2.98
Global Opportunities	0		57.28	60.60	+0.18	2.10
Japan	6		117.8	125.1	+1.2	—
Mastertrust	5		149.5	159.9	+0.7	1.51
US Emerging Cos	6		168.5	179.9	+1.2	—
Income & Growth	6		432.1	459.1	-0.2	2.96
Ethical	6		72.75	71.39	-0.16	2.01
International	0		121.4	129.2	+0.5	.78

Baring Fund Managers Ltd (1200)H
PO Box 831, 155 Bishopsgate, London EC2M 3YS
Enquiries 0171-782 8480 Dealing 0171-214 1006

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
American Growth	0		166.6	172.7	+0.5	0.0
American Smllr Cos	5		157.9	162.8	+0.3	0.0
Convertibles	5		53.60xd	57.34	—	0.7
Eastern	5		287.9	311.3	+1.2	0.3
Equity Income	6		60.76	65.08	-0.31	4.1
European Growth	5		314	335.2	-0.3	0.8
Europe Select	5		259.3	275.8	+1.8	0.2
Exempt F	1		96.71	98.76	-0.21	3.0
Exempt Fxd Interest F	1		102.4	103.5	-0.8	7.5
German Growth	5¼		81.36	86.25	-0.26	0.5
Global Bond	5		65.33	68.74	-0.07	8.2
Global Growth	6		134.9	143.7	+0.3	0.8
Japan Growth	6		198.6	211.1	+2.5	0.0
Japan Sunrise	6		151.8	160.6	+1.2	0.8
Korea Trust	5¼		91.06	88.89	+0.81	0.8
Portfolio	5		136.2xd	145.6	-0.3	2.5
Portfolio Acc	6		253.6	271.2	-0.5	2.3
UK Growth	6		87.17	93.4	-0.41	2.7
UK Smaller Cos	0		88.02	93.64	+0.11	1.8
Select Managers ♦ F	6		80.72	86.44	-0.06	1.8
Charity Fund						
Overseas Growth Exempt ♦F	2		68.65	68.66	—	0.1

Blackstone Franks UT Mngrs Ltd (0900)F
26-34 Old Street, London EC1V 9HL 0171-250 3300

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Intl Grth Portfolio Inc	5		81.20	86.48	+0.35	—
Intl Grth Portfolio Acc	6		85.70	91.23	+0.28	—
Special Opportunity Inc	6		57.96	60.66	+0.07	—
Special Opportunity Acc	5		63.38	67.43	+0.08	—

Britannia Fund Managers Ltd (1000)F
50 Bothwell Street, Glasgow G2 6HR 0141-223 [illegible]

	Init Chrge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Balanced Growth	5½		170.21xd	128.15	-1.92	1.46
Do (Accum)	5½		136.40	144.34	-2.10	1.43
UK General	5½	C	83.64	88.40	-0.17	3.10
Do (Accum)	5½	C	87.01	92.08	-0.19	[illegible]
Smaller Cos	5½		119.17	126.10	-3.21	[illegible]
Do (Accum)	5½		132.32	140.02	-3.5	[illegible]
Japan	5½		59.33	62.78	+0.0	[illegible]
Do (Accum)	5½		59.33	62.78	+0.4	[illegible]
European Growth	5½		107.08xd	189.62	-0.76	[illegible]
Do (Accum)	5½		154.00	162.97	-0.77	[illegible]
Pacific Growth Inc	5½		133.04	140.78	+0.3	[illegible]
Do (Accum)	5½		133.04	140.78	-0.3	[illegible]
Higher Yield	5½	C	49.06xd	51.91	-0.0	[illegible]
Do (Accum)	5½	C	74.90	79.24	-0.10	[illegible]
American Gth Inc	5½		78.29	82.85	-0.02	0.00
Do (Accum)	5½		79.78	84.42	+0.31	0.00
Intl Special Opps	5½		130.69	138.29	+0.48	0.00
Do (Accum)	5½		130.83	1UK.44	+0.46	0.00
Global Bond Inc	3½	C	26.06	27.04	+0.01	7.07
Do (Accum)	3½	C	37.10	38.45	+0.01	7.37
Gilt & Fixed Interest	3½	C	98.01xd	101.37	-0.19	8.01
Do (Accum)	3½	C	105.68	109.51	-0.21	8.01
Managed P'folio Inc	5½		45.53xd	43.16	-0.04	1.49
(Do Accum)	5½		46.60	49.30	-0.04	1.46

Burrage Unit Tst Mangmt Ltd (0905)F

Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of AUTIF §§

INITIAL CHARGE: Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the buying price of units.

BUYING PRICE: Also called offer price. The price at which units are bought by investors.

SELLING PRICE: Also called bid price. The price at which units are sold back by investors.

TREATMENT OF MANAGER'S PERIODIC CHARGE: The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

EXIT CHARGES: The letter E denotes that an exit charge may be made when you sell units, contact the manager for full details.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD. Tel: 0171-831-0898.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Legal & General

Unit Assurance
2, Montefiore Road, Hove, BN3 1SE — 01273 820100

	Selling Price	Buying Price	+ or -	Yield Gross
British Opps Accum	198.9	209.4	[illegible]	–
Bldg Soc Life Accum	191.4	201.0	[illegible]	–
Cash Accum	297.5	313.2	[illegible]	–
Distribution Dist Units	109.1	[illegible]	[illegible]	–
Distribution Accum Units	114.4	120.5	–	–
Equity Accum	1253.2	1319.2	[illegible]	–
European Accum	238.9	251.5	[illegible]	–
Far Eastern Accum	362.2	381.3	[illegible]	–
Fixed Accum	621.5	654.3	[illegible]	–
Index-Linked Accum	204.8	215.6	[illegible]	–
International Accum	574.0	604.0	[illegible]	–
Managed Accum	881.3	927.7	[illegible]	–
Nth American Accum	285.2	300.3	[illegible]	–
Property Acc	385.4	405.7	[illegible]	–
W'wide Opps Accum	159.1	161.0	[illegible]	–

Unit Pensions
Kingswood, Surrey, KT20 6TH — 01737 370370

	Selling Price	Buying Price	+ or -	Yield Gross
Ex. Bldg. Soc. Linkd.	174.9	184.2	[illegible]	–
Op Accum	256.4	269.9	[illegible]	–
Exempt Cash Init.	312.4	328.9	[illegible]	–
Do. Accum	578.3	608.0	[illegible]	–
Exempt Distribution Init.	101.1	106.5	[illegible]	–
Do. Accum	101.1	106.5	[illegible]	–
Exempt Eqty. Init.	1228.6	1291.2	[illegible]	–
Do. Accum	2270.8	2390.2	[illegible]	–
Exempt Euro Init	223.6	235.4	[illegible]	–
Do Accum	318.4	335.2	[illegible]	–
Exempt Far East'n Init	321.8	338.8	[illegible]	–
Do Accum	458.2	482.4	[illegible]	–
Exempt Fixed Init.	550.7	579.7	[illegible]	–
Do. Accum	1019.4	1073.1	[illegible]	–
Ex. Index. Lnk. Gilt	165.3	169.5	[illegible]	–
Do. Accum	245.7	258.7	[illegible]	–
Exempt Intl. Initial	260.7	274.0	[illegible]	–
Do Accum	433.0	455.8	[illegible]	–
Exempt Mngd. Init.	820.3	863.5	[illegible]	–
Do Accum	1316.5	1386.0	[illegible]	–
Exempt N. Amer. Init	274.9	288.8	[illegible]	–
Do Accum	390.5	411.1	[illegible]	–
Exempt Prop. Init.	344.8	363.0	[illegible]	–
Do. Accum	638.3	671.9	[illegible]	–
Sp Deposit Init.	244.9	257.8	[illegible]	–

[illegible]

MGM Assurance - Contd.

Pension Funds

	Selling Price	Buying Price	+ or -	Yield Gross
Bonus Growth Acc	209.0	220.1	+0.1	–
Building Society Acc	115.8	124.0	–	–
Deposit Acc	318.3	333.0	–	–
European Acc	186.5	196.4	-1.2	–
Fixed Interest Acc	582.8	613.5	-2.3	–
Intl Equity Acc	165.3	174.0	–	–
Lazard Managed Acc	145.1	152.8	-0.3	–
Managed Acc	506.8	533.6	-0.1	–
North American Acc	378.8	398.7	+2.2	–
Pacific Basin Acc	718.1	756.0	+2.4	–
Property Acc	348.4	366.8	+0.1	–
Special Sits Acc	149.3	156.2	–	–
UK Equity Acc	444.1	467.5	+0.2	–

Manchester Unity Assurance

40 Fountain Street, Manchester M2 2AB — 0161-832 9361

	Selling Price	Buying Price	+ or -	Yield Gross
Equity	159.8	166.8	–	–
Fixed Interest	161.8	169.7	–	–
Money	148.1	109.6	–	–
Managed	164.0	162.7	–	–
Pension and Life Tax-exempt funds				
Equity	164.4	173.2	–	–
Fixed Interest	164.0	173.4	–	–
Money	172.8	181.8	–	–
Managed	165.9	174.6	–	–

Marks & Spencer Life Assurance Ltd

Kings Meadow, Chester CH99 9LS — 0800 363420

	Selling Price	Buying Price	+ or -	Yield Gross
UK Balanced Equity	101.0	106.3	+0.50	0.00
UK Balanced Equity Pens	101.5	106.0	+0.70	0.00
Int Managed Pens	101.0	106.3	-0.40	0.00
Fixed Interest Pens	95.1	100.1	-0.80	0.00

Merchant Investors Assurance Co Ltd

St Bartholomew's House, Lewins Mead, Bristol BS1 2NH

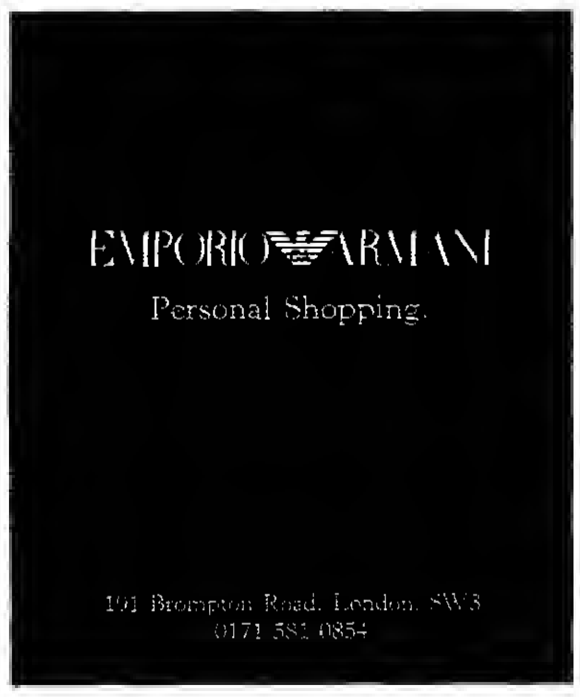
Pension Portfolio Contracts

	Selling Price	Buying Price	+ or -	Yield Gross
Managed IT Fund	104.3		+0.0	–
Alliance IT Fund	108.4		+0.3	–
Baillie Gifford IT Fund	102.9		+0.5	–

[illegible]

	Selling Price	Buying Price	+ or -	Yield Gross
Gold Intl Resources	00.6	00.1	+0.9	–
High Inc	317.5	334.2	-1.2	–
Hong Kong	414.3	436.1	-1.4	–
Income	478.5	504.7	-28.0	–
Japan	421.0	443.1	+1.2	–
UK Smlr Cos	378.8	398.1	-25.0	–
Man Gth	493.4	519.3	+0.1	–
Global Inc & Gwth	171.0	180.0	+0.1	–
Pacific Growth	310.3	335.0	+0.6	–
INVESCO MIM				
European Smaller	215.1	226.4	+2.8	–
Sth & East Asia Gwth	347.1	365.3	+0.1	–
Inc Growth	329.4	348.7	+1.3	–
Japan Smlr Cos	244.7	257.5	+0.5	–
Man Growth	281.8	296.4	+0.3	–
Gilt	83.5	87.0	+0.1	–

	Selling Price	Buying Price	+ or -	Yield Gross
Pens Safety Fnd	305.9	322.1	-1.20	–
Pens Growth Fnd	273.3	287.7	-1.20	–
Pens Opportunity Fnd	286.4	301.5	+0.70	–
East W'wide Venture Fnd	207.2	218.2	+0.10	–
Pens UK Equity Fnd	274.0	288.3	-2.30	–
Pens UK Smlr Co's Fnd	241.3	254.8	+0.60	–
Pens European Fnd	342.8	360.9	-3.00	–
Pens Far East Fnd	417.0	439.0	+0.20	–
Pens Japanese Fnd	128.6	134.8	+1.80	–
Pens Nth American Fnd	338.2	356.1	+1.80	–
Pens International Fnd	315.4	332.0	+0.70	–
Pens Gilts/Fxd Int Fnd	254.4	267.0	-1.40	–
Pens Index-linked Fnd	196.1	206.5	-1.60	–
Pens Property Fnd	144.1	151.7	–	–
Pens Cash Fund	227.3	239.3	–	–
Pens Halifax Fnd	249.7	262.9	+0.10	–



Royal Heritage Life Assurance Ltd - Contd.

Perpetual Funds

	Selling Price	Buying Price	+ or -	Yield Gross
International Growth	191.8	181.1	+0.5	–
American Growth	229.8	241.9	-2.2	–
Intl Emerging Cos	262.3	276.1	-1.1	–
European	228.6	240.5	-1.0	–
Managed	217.0	222.4	–	–

Royal Life Insurance Ltd

New Hall Place, Liverpool L69 3HS — 0151-239 3000

	Selling Price	Buying Price	+ or -	Yield Gross
Royal Shield Fd.	1049.1	1116.1	[illegible]	–
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	414.0	436.8	[illegible]	–
Equity Fund	602.6	634.3	[illegible]	–

Scottish Provident Group

6 St Andrew Sq, Edinburgh — 0131-556 2652

Scottish Provident Assurance Ltd Funds
(Formerly Prolific Life & Pensions Ltd)

Life Funds

	Selling Price	Buying Price	+ or -	Yield Gross
Adventurous Mngd	218.1	229.9	+0.2	–
Managed Growth	109.8	115.9	+0.1	–
Cautious Mngd	157.3	166.0	+0.2	–
Fixed Interest	487.4	513.6	-0.8	–
Gtd Fund 20	509.1	537.4	+0.1	–
Equity	973.1	1035.3	+1.4	–
International	409.0	434.1	+0.8	–
Property	299.3	315.4	-2.5	–

[illegible]

Money Market Bank Accounts

Allied Trust Bank Ltd

25 Dowgate Hill, London, EC4R 2YA — 0171-626 0879

	Gross	Net	Gross CAR	Int Cr
SIMMA (£2,001-£9,999)	0.96	3.22	0.96	Yearly
SIMMA (£10,000-£24,999)	7.50	5.62	7.50	Yearly
SIMMA (£25,000+)	7.78	5.82	7.78	Yearly
FOMMA (£2,001+)	0.96	5.22	6.96	Yearly
TREMMA (£2,001+)	6.70	5.02	6.70	Yearly
1OMMA (£2,001+)	6.54	4.90	6.64	Yearly
OMMA (£2,001+)	6.33	4.74	6.33	Yearly
HICA 500 (£2,001-£4,999)	4.50	3.38	4.59	Mth
HICA 5000 (£5,000+)	6.00	4.50	6.17	Mth
HICA (£2,001+)	4.50	3.38	4.59	Mth
HRICA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	7.50	5.62	7.50	Yearly

American Express Bank Ltd

Sussex House, Burgess Hill RH10 6AQ — 01444 232444

High Performance Cheque Account

	Gross	Net	Gross CAR	Int Cr
£500-£999.99	1.00	0.75	1.00	Mth
£1,000-£4,999.99	3.50	2.63	3.56	Mth
£5,000-£9,999.99	3.75	2.81	3.82	Mth
£10,000-£24,999.99	4.00	3.00	4.07	Mth
£25,000-£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.06	4.85	Mth

Arbuthnot Latham & Co Ltd

Royex Hse. Aldermanbury Sq, London EC2 — 0171-410 7200

Treasury Account – inc professional advisors

	Gross	Net	Gross CAR	Int Cr
£25,000-£49,999	5.25	3.9375	5.36	Mth
£50,000 or more	5.50	4.125	5.64	Mth

[illegible]

MANAGEMENT SERVICES

[illegible]

Money Market Trust Funds

[illegible]

FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

Nomura Fund Ltd

BERMUDA (REGULATED)(**)

Bermuda Intl Invest Mgmt Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Abtrust Fd Mgmt (Guernsey) Ltd

Equitable International Fund Managers Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Lazard Fund Managers (Channel Islands) Ltd

Lazard Fund Mgrs (Channel Islands) Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Royal Bk of Canada G/S Fd Mgrs Ltd

Sarasin Funds Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Magnet Co (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

CIBC Fund Managers (Guernsey) Ltd

Commercial Union Capital Inv Mngr

Cornhill Insurance (Guernsey) Ltd

Henderson Fund Managers (CI) Ltd

Hewlett Throgmorton Mngmt Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Managers (CI) Ltd

Lazard Freres Asset Management (CI) Ltd

Lloyds Bank Fund Managers (Guernsey) Ltd

Merrill Lynch Guernsey

Metallgesellschaft (Guernsey) Limited

Nikko Capital Mngt (Europe) Ltd

Paragon Asset Management Ltd

Rothschild Asset Mngmt (CI) Ltd

Royal Bank of Canada Intl Money Market Fd

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Stewart Ivory Managers Ltd

UBK Asset Management (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

Wells Fargo Nikko Inv Adv Gsy Ltd

Yamaichi Capital Mngt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

BT Fund Managers (Ireland) Ltd

Bank of Ireland Investment Management

Bank of Cyprus Group

Christows Investments Plc

Coutts & Co Fund Managers Limited

Dresdner Intl Investment Services Ltd

Dunedin Unit Trust Managers (Ireland) Ltd

The Fiduciary Trust Global Fund

GAM Fund Management Ltd

GT Asset Management (Ireland) Ltd

Guinness Flight Investment Co

Ireland Worldwide Funds

Kleinwort Benson Bond Arbitrage Fund Plc

Morgan Grenfell Investment Funds Ltd

Old Mutual International (Ireland) Ltd

Pacific Select Fund

Scottish Value Management (Ireland) Ltd

Singer & Friedlander Inv Funds Ltd

Swiss Life Investment Fund – Prolease

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

Apollo Fund Plc

Argenta European Hedge Fund plc

Asia Small Cos Growth Fund

Asia Dynamic Growth Fund

Asian Diversified Equity Fund Plc

Asian Emerging Markets Fund Plc

Asian Gateway Fund Plc

Asian Growth Fund Plc

Atlantis Korean Smaller Companies Fund

BT Fund Managers (Ireland) Ltd

Bank of Ireland Unit Managers Ltd

Berkshire Korea Fund Plc

Chemical Ireland Fund Administrators Ltd

Citizens Investment Trust Mngt Company

Dalton Europe Fund Plc

Dragon Korea Fund Plc

Dynamic Pacific Portfolio Fund Plc

Egerton Capital European Fund Plc

Emerging Dynamic Fund Plc

Emerging Market Growth Fund Plc

F.I.T. Investment Trust Ltd

Frank Russell Investment Mngt (Ireland) Ltd

GT Asset Management (Ireland) Ltd

Global Resources Stock Fund

Gordon House Asset Management Ltd

Hanmi Korea Venture Fund

Kleinwort Benson Bond Arbitrage Fund Plc

Kleinwort Benson Emerging Products Fd Plc

Korea Balanced Return Fund

Korea CB Fund Plc

Korea Capital Growth Fund

Korea Golden Dynasty Fund Plc

Korea Investment Management Ireland Ltd

Korea Open Fund

Korea Sprint Fund Plc

Korea Strategic Growth Fund

Korean Emerging Growth Fund Plc

Merrill Lynch Asset Mgmt

Morgan Grenfell Fixed Income Funds Plc

Morgan Grenfell Profunds Plc

National Mutual Funds

New Silk Road Fund

Old Mutual International (Ireland) Ltd

Orient Balanced Fund Plc

Pacific 21st Century Fund

Pacific Growth Fund Ltd

Paine Webber Offshore Funds Plc

Pioneer Management (Ireland) Ltd

Scottish Amicable Investment Managers Ltd

Seoul International Fund

Value Express Fund Plc

Yamaichi Samsung Dynamic Korea Fund

Yellow Sea Investment Company PLC

Yuki Korea Fund

Sun Life Management (IoM) Ltd

Ulster Bank Global Funds Plc

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mgrs

Allied Dunbar Intl Fund Managers (IOM) Ltd

Bank of Ireland Asset Mngmt (IOM) Ltd

CMI Fund Managers (IoM)

CPP Interest Rate Arbitrage Fund Plc

Clydesdale Fund

Crédit Suisse Fund Mngt

Merrill Fund Managers

Murray Fund Management Ltd

Orchestral Fund Managers

Seoul Intl Mgmt (IoM) Ltd

ISLE OF MAN (REGULATED)(**)

AXA Equity & Law Intl Fund Mgrs

Bank of Ireland Asset Mngmt (IOM) Ltd

City Financial Admin (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

SHR Fund Managers Ltd

Sytrata International Fund Management Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Capital House Fund Mgrs (CI) Ltd

Coutts & Co (Jersey) Fund Managers Ltd

Gartmore Fund Managers Intl Ltd

Hill Samuel Fund Mgrs (Jsy) Ltd

Jardine Fleming Intl Mgmt Ltd

Lloyds Bank (CI) U/T Mgrs

Midland Bank Fund Managers (Jersey) Ltd

Morgan Grenfell Fund Managers (Jersey) Ltd

Royal Bank of Canada (Jsy) Fd Mgt Ltd

Royal Bank of Scotland Fd Mgrs (Jersey)

Save & Prosper International

Schroder Investment Mngt (Jersey) Ltd

TSB Fund Managers (CI) Ltd

JERSEY (REGULATED)(**)

Barclays Intl Funds

Citibank (CI) Ltd "Citifunds"

Finsbury Group

Fleming Fund Mgrs

Foreign & Colonial Mngt (Jersey) Ltd

Guinness Flight Fund Managers (Jersey)

INVESCO International Limited

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

Mercury Asset Mngt Channel Islands Ltd

Minerals, Oils Res. Shrs. Fd. Inc.

Portugal Unit Tst. Mngr. (Jersey) Ltd

Portuguese IT Mngrs (Jersey) Ltd

The Portugal Investment Fund

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Schroder Investment Mngt (Jersey)

Singer & Friedlander

Sarasin Fund Mgrs (Jersey) Ltd

TSB Fund Managers (CI) Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds

Abtrust Fund Mgrs Luxembourg SA

Alliance Capital

American Phoenix Investment Portfolios

Bank Von Ernst & Cie AG

Barclays International Fund

Barclays Diversified Portfolio

Credit Suisse Fund Management

Dolphin Intl Investments SICAV

Dresdnerbank Asset Mngmt SA

E.T. Investment Management

Eagle Star – Global Assets Fund

Edinburgh Global SICAV

Fidelity Funds

Fleming Fund Mgrs

Foreign & Colonial Emerging Markets Ltd

Gartmore Management Luxembourg SA

INVESCO International Limited

Kleinwort Benson Japanese Warrant Fund

Lloyds Bank Luxembourg

Mercury Asset Management S.A.

Midland Intl Circuit Fund SICAV

Nikko Capital Management

Nomura Global Fund

PRICOA Worldwide Inv Portfolio SICAV

Royal Foreign & Colonial Port Fd SICAV

S–E–Banken Luxembourg SA

Sarasin Investment SICAV

Schroder International Selection Fd

Scottish Equitable Intl Fund SICAV

Sun Life Global Management Ltd

Templeton Global Strategy Funds

Thornton Investment Management Ltd

Mercury Asset Management S.A. – Contd.

LUXEMBOURG (REGULATED)(**)

Actna International Umbrella Fund

Alliance Capital

Americanas Fund SICAV

Asian Development Equity Fund

Atlantis Sicav

BAI Asset Management Ltd

Banque Ferrier Lullin (Lux) SA

Banque Indosuez Luxembourg

Banque Paribas Luxembourg

Banque Scandinave En Suisse

Barings Newport World Portfolio

Banque Pictet (Luxembourg) S.A.

CB Fund International

CIBC Umbrella

Capel-Cure Myers Intnl Fd Sicav

Carlson Investment Management

Chinese Korea Emerging Growth Fund

Credis Investment Funds

Clariden Fund Ssrv SA

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Credis Investment Funds - Contd.

Morgan Stanley Sicav

Murray Universal, Sicav

	Selling Price	Buying Price	+ or -	Yield Gross
American Port Oct 4	$44.40	46.68	—	—
Japan Port Oct 4	[illegible]	[illegible]	—	—
Pacific Port Oct 4	$21.17	22.23	—	—

NICAM Asia Pacific Umbrella Fund

Albany International Assurance Ltd

St Mary's, Castletown, Isle of Man 01624 822282

	Selling Price	Buying Price	+ or -	Yield Gross
Global Sterling	£1.827		+0.007	—
UK Sterling	£1.421		-0.002	—

Royal Life International - Contd.

Royal Skandia Life Assurance Ltd (z)

Skandia Hse, Finch Rd, Douglas, IoM 01624 611611

Sun Alliance International Life

PO Box 77, Les Echelons Ct, St Peter Port, Gsey 01481 714108

Sun Life International (IOM) Ltd

Bridge House, Castletown, Isle of Man

Tel. 44 (0) 1624 825000 Fax 44 (0) 1624 825910

Cathay Investment Fund Limited

Chameleon Funds Limited

The China Fund

The China Invest & Development Fd Ltd

Citibank Global Asset Mgmt (Asia) Ltd

Citizens Investment Trust Mgt Co Ltd

Crosby Asset Management Ltd

Crystal Corporation N.V.

	Selling Price	Buying Price	+ or -	Yield Gross
Shs Class A/B Sep 29	$93.56	96.24	—	—

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Daiwa APT Japan Fund

	Selling Price	Buying Price	+ or -	Yield Gross
Daiwa APT Japan	$5.0147	5.1524	—	—

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa International Capital Mngt (Sgp) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
DICAM Malaysian Eq Oct 3	$8805.07		—	—

Deutscher Investment-Trust

Discover Investment

	Selling Price	Buying Price	+ or -	Yield Gross
Discover Asia Sep 29	$9.48		—	—
Discover Europe Oct 2	$11.08		—	—

Dublin & Swiss Asset Management

Dynasty Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Sep 1		$1.75	—	—

EGS Overseas Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Sep 29	$1832.00	1836.00	—	—

ENR Eastern Natural Resources SA

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Aug 31	SFr103.88		—	—

East Asia Hamon Asset Mngt Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Guaranteed International	13.07	13.24	—	—
Selected Asian Pfolio	$22.37	22.38	—	—

East Europe Development Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Participating Shs NAV Sep 15	$23.869000		—	—

Egerton European Dollar Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Oct 5		$14.02	+0.20	—

Egerton European Equity Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Oct 5		DM14.44	+0.22	—

Emcor Limited

Emerging Markets Management

Enigma Investments Ltd – Cayman

The Environmental Investment Co Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Oct 3		$9.25	—	—

Ermitage Group

OTHER OFFSHORE FUNDS

ATSP Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Philippines Long Term Equity NAV Aug 31		$36.57	—	—

AXA Asset Management

Abtrust Fund Mngrs (Guernsey) Ltd

The New Asia Fund Ltd

Acciones y Valores de Mexico SA de CV

	Selling Price	Buying Price	+ or -	Yield Gross
Accival Oct 5		Pesos48.60	-0.09	1.67

Adig Investment

Adina Malaysian Growth Fd (Cayman) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Sep 30		$14.70	—	—

Africa Emerging Markets Fund

	Selling Price	Buying Price	+ or -	Yield Gross
NAV Sep 30		$10.46020	—	—

Alliance Capital

Allied Dunbar International Fund Mngrs (1600)F

	Selling Price	Buying Price	+ or -	Yield Gross
ADI Emerging Asia	$0.733	0.7835	+0.004	—

Alpha Fund Management Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Oct 6 / US$) (4 pm close)

CANADA (Oct 6 / Can. $) (4 pm close)

EUROPE

AUSTRIA (Oct 6 / Sch)

BELGIUM/LUXEMBOURG (Oct 6 / Frs.)

DENMARK (Oct 6 / Kr)

FINLAND (Oct 6 / Mka)

FRANCE (Oct 6 / Frs.)

GERMANY (Oct 6 / Dm.)

ITALY (Oct 6 / Lire)

NETHERLANDS (Oct 6 / Fls.)

NORWAY (Oct 6 / Kroner)

SPAIN (Oct 6 / Pts.)

SWEDEN (Oct 6 / Kronor)

SWITZERLAND (Oct 6 / Frs.)

AFRICA

SOUTH AFRICA (Oct 6 / Rand)

PACIFIC

JAPAN (Oct 6 / Yen)

AUSTRALIA (Oct 6 / Aust$)

HONG KONG (Oct 6 / H.K.$)

MALAYSIA (Oct 6 / MYR)

SINGAPORE (Oct 6 / S$)

INDICES

	Oct 6	Oct 5	Oct 4	1995 High		1995 Low	
Argentina							
General (29/12/77)	(u)	14283.62	14040.29	16331.18	2/1	9831.08	9/3
Australia							
All Ordinaries(1/1/80)	2098.2	2102.7	2103.4	2106.00	18/9	1823.30	8/2
All Mining(1/1/80)	949.8	956.6	959.2	1029.60	7/8	795.30	8/2
Austria							
Credit Aktien(30/12/84)	356.98	357.45	356.78	385.42	2/1	350.32	30/3
Traded Index(2/1/91)	980.54	977.53	972.77	1058.31	2/1	934.83	30/3
Belgium							
BEL20 (1/1/91)	1440.22	1441.81	1450.67	1491.39	2/8	1271.53	9/3
Brazil							
Bovespa (29/12/83)	(u)	44987.0	44263.0	49812.00	19/9	4531.60	8/9
Canada							
Metals Minls♦(1975)	(u)	4640.45	4609.52	5252.77	21/8	3808.63	1/3
Composite♦ (1975)	(u)	4489.80†	4492.60	4710.38	12/7	3981.41	30/1
Portfolio§§ (4/1/83)	(u)	2203.95	2190.38	2307.81	12/7	1953.36	30/1
Chile							
IGPA Gen♥(31/12/80)	(u)	5855.7	5784.4	6383.10	11/7	4576.90	9/3
Denmark							
CopenhagenSE(3/1/83)	361.18	362.17	363.50	376.44	25/8	330.01	29/3
Finland							
HEX General(28/12/90)	2113.12	2099.55	2121.11	2332.22	14/9	1555.30	29/3
France							
SBF 250 (31/12/90)	1209.21	1206.93	1208.95	1322.30	12/5	1154.41	13/3
CAC 40(31/12/87)	1809.57	1800.32	1803.87	2017.27	12/5	1721.80	13/3
Germany							
FAZ Aktien(31/12/58)	793.97	808.47	812.10	848.76	19/9	708.87	30/3
Commerzbank(1/12/53)	2288.0	2329.7	2330.6	2427.60	19/9	2018.70	30/3
DAX (30/12/87)‡	2171.43	2208.82	2217.76	2317.01	15/9	1910.98	28/3
Greece							
Athens SE(31/12/80)	918.92	908.24	921.28	992.59	4/8	787.15	16/3
Hong Kong							
Hang Seng(31/7/64)	9873.90	9888.04	9939.95	9939.95	4/10	6967.93	23/1
India							
BSE Sens.♥(1979)	3603.55	3562.81	3531.49	3932.09	2/1	3015.87	2/5
Indonesia							
Jakarta Comp.(10/8/82)	496.29	495.01	492.65	519.16	11/9	414.21	19/4
Ireland							
ISEQ Overall(4/1/88)	2132.78	2135.90	2142.33	2170.73	15/9	1813.59	23/1
Italy							
Banca Comm Ital (1972)	606.83	614.00	613.72	680.54	10/2	587.99	23/3
MIB General (2/1/95)	961.0	970.0	969.0	1076.00	10/2	929.00	23/3
Japan							
Nikkei 225 (16/5/49)	18508.28	18220.41	18145.08	19684.04	4/1	14485.41	3/7
Nikkei 300 (1/10/82)	275.79	273.72	272.56	289.18	4/1	222.28	13/6
Topix (4/1/68)	1468.31	1456.33	1451.99	1553.40	4/1	7183.16	13/6
2nd Section (4/1/68)	1888.54	1869.89	1866.25	2130.68	4/1	1441.90	13/6
Malaysia							
KLSE Comp.(4/4/86)	983.81	985.62	983.32	1085.04	5/6	840.87	24/1
Mexico							
IPC (Nov 1978)	(u)	2347.65	2267.13	2622.21	8/9	1447.52	27/2
Netherland							
CBS TtlRtnGen(End 83)	503.8	504.8	504.4	511.80	19/9	422.80	23/3
CBS All Shr (End 83)	305.4	305.9	305.7	311.10	15/9	265.20	23/3
New Zealand							
Cap. 40 (1/7/86)	2089.59	2093.88	2102.31	2156.79	18/5	1901.43	5/1
Norway							
Oslo SE(Ind)(2/1/83)	1253.36	1251.30	1258.70	1291.58	19/9	1036.00	10/3
Philippines							
Manila Comp (2/1/85)	2640.77	2618.23	2569.33	2958.12	10/7	2248.39	27/3
Portugal							
BTA (1977)	2641.6	(c)	2641.6	2911.60	9/1	2580.70	25/9
Singapore							
SES All-S'pore(2/4/75)	519.55	520.73	518.48	535.06	5/1	472.90	23/1
South Africa							
JSE Gold (28/9/78)	1486.7♥	1504.4	1494.9	2023.00	2/1	1317.20	19/5
JSE Indl. (28/9/78)	7217.9♥	7175.7	7105.6	7217.90	6/10	6222.00	31/7
South Korea							
KoreaCmpEx(4/1/80)**	1002.07	989.05	982.89	1027.37	2/1	847.09	27/5
Spain							
Madrid SE (30/12/85)	297.69	301.65	302.82	318.98	13/9	203.30	26/6
Sweden							
AffarsvardnGen (1/2/37)	1803.6	1796.3	1815.6	1872.10	19/9	1439.80	29/3
Switzerland							
Swiss Bk Ind (31/12/58)	1411.96	1409.6	1410.01	1423.67	19/9	1174.83	13/3
SBC General (1/4/87)	1054.98	1951.16	1050.91	1055.64	3/10	870.56	13/3
Taiwan							
WeightedPr.(30/6/66)**	5213.73	5100.47	5066.45	7051.49	5/1	4503.37	14/8
Thailand							
Bangkok SET (30/4/75)	1327.44	1314.81	1312.94	1472.04	10/7	1135.69	16/3
Turkey							
Istanbul Cmp.(Jan 1986)	45767.7	45416.2	44351.3	54653.90	21/4	24844.31	23/1
WORLD							
MS Capital Int (1/1/70)$	702.0*	701.6	700.1	703.80	29/9	598.21	23/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1401.81	1422.43	1422.95	1480.69	15/9	1222.41	13/3
Euro Top-100 (26/6/90)	1280.66	1288.86	1287.29	1316.68	15/9	1117.24	9/3
JCapelDrgns (31/12/88)	(u)	336.60	336.71	349.47	14/7	262.07	23/1
Barings Emerg.(7/1/92)	147.29	145.52	145.62	158.07	2/1	117.15	10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x Index)							
Oct	1790.0	1818.0	+15.0	1821.0	1781.0	33,576	28,888
Nov	1800.0	1827.0	+16.5	1828.0	1776.0	113	2,740
DAX							
Dec	2207.0	2190.0	-15.0	2208.0	2188.0	27,383	73,482
Mar	2227.0	2210.5	-16.0	2227.0	2203.5	182	1,930
OMX							
Oct	1423.00	1432.00	-11.00	1432.00	1412.00	8,139	15,712
Nov	1431.00	1431.00	-3.00	1431.05	1431.00	20	1,448
SOFFEX							
Oct	3037.00	3054.0	+15.0	3054.5	3021.0	6,356	16,430
Nov		3059.0				138	410

US INDICES

Dow Jones	Oct 5	Oct 4	Oct 3	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4762.71	4740.67	4749.70	4801.80 (14/9)	3832.08 (30/1)	4801.80 (14/9/95)	41.22 (2/7/32)
Home Bonds	103.54	103.57	103.46†	103.76 (13/7)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1913.16	1906.53	1925.23	2000.39 (18/9)	1473.19 (3/1)	2000.39 (18/9/95)	12.32 (8/7/32)
Utilities	216.32	216.25	216.58	216.58 (3/10)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4794.86 (4787.27) Low 4705.63 (4689.01) (Theoretical♦)
Day's high 4762.71 (4749.70) Low 4735.61 (4726.84) (Actual♦)

Standard and Poors	Oct 5	Oct 4	Oct 3	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	582.63	581.47	582.34	586.77 (20/9)	459.11 (3/1)	586.77 (20/9/95)	4.40 (1/6/32)
Industrials♥	683.05	680.85	682.60	691.27 (20/9)	546.28 (3/1)	691.27 (20/9/95)	3.62 (21/6/32)
Financial	59.91	59.86	59.60	59.91 (5/10)	41.64 (3/1)	59.91 (5/10/95)	8.64 (1/10/74)
NYSE Comp.	312.01	311.74	312.09	314.38 (20/9)	250.73 (3/1)	314.38 (20/9/95)	4.46 (25/4/42)
Amex Mkt Val	532.40	532.10	536.70	553.66 (12/9)	433.12 (6/1)	553.66 (12/9/95)	29.31 (9/12/72)
NASDAQ Cmp	1014.20	1002.27	1020.45	1067.40 (13/9)	743.58 (3/1)	1067.40 (13/9/95)	54.87 (31/10/72)

RATIOS

	Sep 29	Sep 22	Sep 15	Year ago
Dow Jones Ind. Div. Yield	2.42	2.42	2.40	2.76
	Oct 4	Sep 27	Sep 20	Year ago
S & P Ind. Div. yield	2.08	2.07	2.05	2.43
S & P Ind. P/E ratio	17.87	17.94	18.14	20.33

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
K Mart	7,100,100	12⅛	-⅛
Micron	5,696,800	74	+2⅝
SCE Corp	5,078,500	17¼	+¼
Telefonos	5,038,400	30⅝	+1⅛
Motorola	4,556,600	71⅞	+⅛
Merck	4,124,600	49½	+⅛
Niag Moh Pw	3,739,400	12⅞	...
Corning Inc	3,430,200	26⅛	-1⅜
The Limited	3,316,500	19⅝	+⅝
Texas Inst	3,295,200	74⅛	+1⅜

TRADING ACTIVITY

● Volume (million)

	Oct 5	Oct 4	Oct 3
New York SE	369.922	339.360	385.892
Amex	18.216	12.980	18.695
NASDAQ	495.101	392.675	467.494
NYSE			
Issues Traded	3,021	3,002	3,023
Rises	1,171	846	917
Falls	1,099	1,361	1,328
Unchanged	751	795	778
New Highs	98	103	102
New Lows	43	42	47

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Dec	586.50	586.00	-0.60	587.45	585.60	62,802	183,991
Mar	590.90	590.70	-0.40	501.40	590.70	298	7,413
Nikkei 225							
Dec	18200.0	18520.0	+270.0	18600.0	19190.0	21,012	152,129
Mar	18290.0	18500.0	+270.0	18500.0	18260.0	6	4,362

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

هكذا من الأصل

WORLD STOCK MARKETS

AMERICA

US stocks edge ahead at midsession

Wall Street

US shares edged higher in early afternoon trading yesterday after initially following bonds lower, *writes Lisa Bransten in New York.*

The Dow Jones Industrial Average fell more than 15 points within 15 minutes of the opening on the heels of a slipping bond market, but by early afternoon, the index was trading 7.96 higher at 4,770.66.

The Standard & Poor's 500 added 1.18 to 582.79 and the American Stock Exchange composite rose 1.95 at 534.35. NYSE volume was light at 182m shares.

Employment figures released by the Labour department showed non-farm payrolls increased by 121,000 jobs in September, modestly weaker than the 150,000 many economists had expected.

Bonds initially jumped on the weaker-than-expected figures, but by midday profit-taking left the benchmark 30-year Treasury ⅛ lower at 105⅞.

Bargain hunters returned to some areas of the technology sector for a second day to take advantage of prices lowered by more than a week of selling. The technology-rich Nasdaq composite was 2.85 higher at 1,017.05.

Individual technology shares were mixed in early trading with America Online up $2⅞ at $63¼, Intuit $1¼ stronger at $46¼ and Bay Networks rising $1 at $56¾. Meanwhile Broderbund Software was off $2¾ at $67⅛ and Adobe Systems $1⅛ lower at $51⅞.

Cyrix jumped 8 per cent or $3¼ at $43 after the chipmaker said that a new chip, which was faster than Intel's Pentium in some tests, was available for sale. Separately, Intel added 4 per cent or $2¼ at $63⅛ after Merrill Lynch upgraded its investment rating.

Aluminum Company of America added $1⅛ at $53⅜ after reporting stronger-than-expected third quarter earnings.

Latin America

MEXICO CITY gathered pace on follow-through buying from Thursday's rally and bottom-fishing from investors after the market's recent losses. The IPC index was up 39.09 or 1.7 per cent, at 2,386.74 by midsession.

There were 22 gainers and only two early decliners.

BUENOS AIRES opened higher, helped by a strong performance from banks. The Merval index was 2.67 higher at 443.88 by noon.

CARACAS rose strongly in modest turnover and the general index gathered 8.51 to 1,385.88, the highest level so far this year. The Merinvest index put on 8.16 to 103.18.

Among leading stocks, Electricidad de Caracas closed up 18 bolivars at 170 bolivars. Turnover was 234m bolivars ($1.4m).

Canada

Toronto was little changed in quiet midday trade ahead of the long Thanksgiving weekend which will keep the market closed on Monday. The TSE-300 Composite index was 1.62 higher by noon at 4,501.39 in light volume of 25.8m shares.

Rising stocks included Alcan Aluminium, up C$¾ to C$42 as aluminium prices rallied on news of a strike which began yesterday morning at its Quebec facilities.

Inco rose C$⅝ to C$43¼ after forecasting that fourth quarter nickel output would reach the highest level of 1995. Cameco fell C$⅛ to 40⅝.

Vienna beats a path down from the peaks

Ian Rodger on the role of red and black politics

The message in Vienna this week – although not delivered with much conviction – was that the stock market had finally bottomed out.

The Vienna market has put on an unusually contrary performer in recent weeks, heading determinedly downwards while many other European markets have been doing very well.

In the year to date, the ATX index of 23 leading shares has underperformed European markets, excluding the UK, by 14 per cent. In the past month alone, it has underperformed the German market, which it normally echoes, by 10 per cent.

There is no simple explanation for its behaviour. The Austrian economy continues to advance, although the strong schilling, which is tightly linked to the D-Mark, has been hurting the important tourism sector and the balance of payments more than expected. And many companies have been reporting strong profit gains.

The negative influences come mainly from Austria's bizarre political scene, but that too is a surprise. In the past, investors have paid little attention to the opaque horse trading between the "reds" (socialists) and "blacks" (conservatives) that keeps their grand coalition on the rails.

This year, however, the annual budget negotiations have been unusually acrimonious, apparently because the new leader of the conservative People's Party senses a rise in his party's popularity and is threatening to go for new elections unless he gets more of what he wants.

Many investors suspect that one of the main things he wants is a commitment from the red finance minister that Creditanstalt-Bankverein will stay in Austrian hands.

The impending completion of the privatisation of Creditanstalt, the country's second largest bank, has been another factor driving down the market. Creditanstalt shares are among the most liquid on the market and are seen by some international investors as a proxy for the whole. However, since mid-July, when the government revealed an evaluation of the bank by JP Morgan, the investment bank, Creditanstalt's preferred shares have lost 11 per cent of their value.

Analysts say that the decline indicates that the JP Morgan valuation of Sch660 to Sch700 per ordinary share is too high, and so the estimated value of the government's 70 per cent voting stake, announced in August, is likely to fall. The privatisation would then get bogged down again in political bickering.

Apart from political worries, investor confidence in Austria has again been shaken by poor disclosure practices of a leading company. In April, Maculan, a once high flying construction company, suddenly reversed a forecast of profit gains for this year, indicating that its profits would be lower because of problems in eastern Germany. Last month, the group admitted that "a considerable loss" was in store and that it had thrown itself on the mercy of its bankers. The preferred shares have plunged from over Sch1,200 a year ago to Sch165 this week.

A final drag on the market in the past month has been the impending privatisation of Voest-Alpine Stahl, the big integrated steel producer. "People who did not want to raise their Austria weighting sold other shares so they could buy this one," says Gerhard Auer of ICE Securities in London.

This week, VA Stahl appeared and was a roaring success, mainly because OIAG, the Austrian state industrial holding company, agreed to a very attractive price. In grey market transactions the shares were trading about 5 per cent above the Sch285 issue price.

All of which leads Mr Gerhard Fleischer, strategist at Creditanstalt Investment Bank, to believe that the market has bottomed for the time being.

Mr Fritz Schweiger at Investmentbank Austria, adds that the Austrian market as a whole is now quite inexpensive compared with other European markets, with no risk premium against bond prices. "We are quite optimistic; we are looking for a 5 per cent gain by the end of the year," he says.

Ms Felicity Smith of ABN Amro Hoare Govett in London is less sanguine. She considers the Austrian market unreliable because of the lack of a strong domestic institutional investor base and relatively poor disclosure policies at many companies. "We have Austria permanently underweight," Ms Smith says.

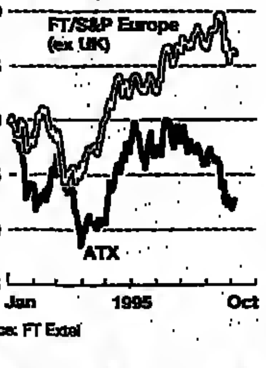
Her strategy is to concentrate on the shares of the few companies that are exposed to international competition and have high standards of reporting.

Mr Robin Horne of Kleinwort, Benson in London, suspects that the market recovery may be delayed by uncertainty about yet another part-privatisation.

Böhler-Uddeholm was floated earlier this year in difficult market conditions and the initial offering had to be scaled back. However, both the company and the shares have performed so well that OIAG may be able to get away some more shares before the end of the year.

So Mr Horne is looking for a Christmas or January rally. However, he and other analysts suspect that any recovery will be shortlived. Next year's government budget negotiations promise to be even rougher than this year's, they say.

Austria



Source: FT Extel

EUROPE

Paris recovers as Bank of France steps in

Political and currency turmoil drove PARIS lower in early trade and by midsession the CAC-40 index had fallen nearly 3 per cent. There then followed a reversal in fortunes as the Bank of France stepped into protect the franc from speculators, one of whom was rumoured to be Mr George Soros. The central bank closed the five-to-10 day lending rate, replacing it by a 24-hour emergency window. Meanwhile, rumours that Mr Alain Juppé, the prime minister, had resigned were denied firmly by the authorities. The market regained some semblance of balance, and closed up 9.25 at 1,809.57, for a rise of 1 per cent on the week.

Mr Simon Hopkins of Nomura in Paris commented that, in effect, there had been a managed devaluation of the franc over the last few days. While the government was unlikely to come out and announce a formal devaluation of the currency, calls for the authorities to cease tracking the D-Mark were not going to go away, he added. However, he felt that there was a good chance now that the market could begin to recoup some of the 5 per cent fall that it had sustained over the last month.

"We are moving into a period when we have negotiated the minefield of first half results," he said, "and while there have been some very bad results, the outlook is no longer as uncertain as it was before the results season started."

Eurotunnel provided the corporate news after the Channel tunnel operator reported worse than expected interims and, said that it was not proposing a debt for equity swap when it commenced negotiations with its creditor banks. The shares lost 25 centimes or 3 per cent to FFr7.25.

Schneider, which reported a 15 per cent rise in first half profits, climbed FFr6.40 to FFr193.50.

FRANKFURT wavered in the shadow of Paris, the Dax index bottoming at 2,159.46 before closing 15.19 lower at 2,176.35, 1.1 per cent lower on the week.

Turnover rose from DM4.5bn to DM5.8bn. At home, a DB Research market review said that the Dax was fairly valued at 2,140 over the next three months, in contrast with other houses' predictions of 2,400 and above in recent weeks.

DB offered another contrast. After three quarters in which performance was led by high tech and defensive stocks, the Deutsche Bank subsidiary was positive about cyclicals – noting MAN, Linde, Siemens – in the engineering and electrical industries.

However, it also cut its earnings forecast for BMW which, with Volkswagen, was among the weaker stocks of the day, the carmakers both falling by DM10, to DM785 and DM448 respectively.

MADRID fell far and fast on bond losses and on instability in the currency markets, the Ibex index dropping an intraday 2.6 per cent before recovering half of that by the close.

Mr Simon Jeffries at ABN Amro said that internationals were out of the market and that the day, primarily, saw domestic selling of positions by investors who had profits to take. The general index, off 3.96 at 297.69, was 2.7 per cent lower on the week.

MILAN was helped up from its lows by short-covering although scepticism about the 1996 budget, political uncertainty and a weak lira continue to take make for an uncertain mood. The Comit index fell 5.17 to 608.63 while the real time Mibtel index finished 12 weaker at 9,754, up from a low of 9,690. The Comit fell 1.4 per cent on the week.

Fiat managed to recoup some of the sharp losses seen earlier in the week on the view that the shares were beginning to look cheap.

Analysts attributed a fall in Stet, the telecommunications holding company, to arbitrage trade. The shares lost L127 to L4,767.

ZURICH took heart from a firmer dollar and the recoveries on Wall Street and in Paris to pick up in afternoon trade. The SMI index recovered from a low of 3,018.5 to close up 17.4 at its high for the day of 3,054.0, again nudging resistance at 3,055. The index rose 1.3 per cent on the week.

Among leading insurers, Swiss Re, a recent favourite, jumped SFr31 to SFr1,180 while the medium sized Baloise fell SFr85 to SFr2,475 on sell recommendations and profit-taking after this week's half year figures.

STOCKHOLM offered a token recovery after some days of weakness, although falling bond markets held it down for most of the day. The Affärsvärlden General index rose 7.3 to 1,803.6, down 2.1 per cent on the week.

The market's star performer was Pharmacia, up SKr11, or 5.5 per cent at SKr213 after a London analysts' meeting with its US merger partner, Upjohn, on Thursday.

ATHENS, staggered on Tuesday by the assassination attempt upon the Macedonian president, Mr Kiro Gligorov, halted a four-day losing streak yesterday with the general index up 10.68 at 918.92, still 3.3 per cent down on the week.

Written and edited by William Cochrane, Michael Morgan and John Pitt

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Oct 6 Hourly changes	Open	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1400.84	1401.80	1401.02	1399.85	1398.15	1396.67	1398.75	1401.61
FT-SE Eurotrack 200	1523.79	1523.45	1525.10	1522.71	1521.75	1524.01	1522.42	1524.49

	Oct 5	Oct 4	Oct 3	Oct 2	Sep 29
FT-SE Eurotrack 100	1422.43	1422.86	1421.48	1423.05	1412.87
FT-SE Eurotrack 200	1541.57	1526.63	1526.91	1524.47	1513.86

Base 1000 (26/10/90). Highday: 100 - 1402.12; 200 - 1525.85 Lowday: 100 - 1395.24 200 - 1518.16 † Partial

SOUTH AFRICA

Johannesburg moved firmly ahead with strong demand noted in most sectors although golds headed lower as the bullion price remained static. The overall index rose 23.8 to 5,729.6, industrials picked up 42.2 to 7,217.9 but golds lost 17.7 at 1,486.7. Anglos picked up 75 cents to R209.25 and De Beers was 40 cents up at R102.75.

ASIA PACIFIC

Nikkei tops 18,500 with third straight gain

Tokyo

Active buying by foreign investors and arbitrageurs led the Nikkei average to its third successive gain, and its best finish in three weeks, *writes Robert Patton in Tokyo.*

The 225 index rose 235.87 to 18,506.28, up 3.3 per cent on the week after a morning low of 18,183.4, and a high of 18,547.43.

The Topix index of all first section stocks gained 11.98 points to 1,468.31. Winners topped losers by 770 against 264 with 167 unchanged. Estimated volume totalled 381m shares against Thursday's 268m, and the capital weighted Nikkei 300 index added 207 to finish at 275.79.

In London the ISE/Nikkei was up 2.13 at 1,258.60.

Early movement was mostly downwards, under pressure from small-lot selling by brokers. Many players held back ahead of Saturday's G7 meeting, but most foreign traders remained strongly on the buy side. Although total buy orders placed for early trading on Friday day lagged behind sell orders, buy orders by foreign investors exceeded foreign sell orders by 2.5m shares. The return of the dollar to the Y100 level, and a Jiji Press report that Japan and the US will agree to tolerate a further rise in the dollar when they meet in Washington this weekend, contributed to the positive tone.

After a slow morning session, the market began to build up momentum in the early afternoon. Arbitrageurs bought stocks as index futures moved higher and shipbuilders, oils and some banks attracted active buying. Most sectors were up on the day, but large capital stocks such as steel makers and shipbuilders drew the most active trading and captured five places on the ten most active list. Mitsubishi Heavy Industries was the most active, moving up Y8 to Y805; among its competitors, Hitachi Zosen rose Y2 to Y515 and Kawasaki Heavy Industries Y4 to Y440.

Steel shares, although actively traded, posted mixed results. Nippon Steel was second on the most active list but ended flat at Y355. Kobe Steel ticked up Y1 to Y279 and NKK Y2 to Y287, while Kawasaki Steel shed Y1 to Y359 and Sumitomo Metal Industries also off Y1, finished at Y289.

In Osaka the OSE average gained 201.17 to finish at 19,630.22 in volume of 58.5m shares.

Roundup

Big gains in financials, textiles, paper and electronics issues lifted TAIPEI's weighted index by 113.26 to 5,213.73, up 2.2 per cent on the day and 4 per cent on the week with turnover up from T$39bn to T$52.3bn.

Financials rose by 2.65 per cent. International Bills Finance, the session's most heavily traded issue, gained T$0.70 to T$17.90. Textiles and paper saw late bargain hunting as the sectors climbed by 3.1 and 3.0 per cent and electronics, which had suffered from heavy selling by foreign institutions, was lifted by the computer maker Acer, which produced a good September sales report and lifted the sector by 1.6 per cent.

BOMBAY's brokers said that domestic institutional funds, led by the Unit Trust of India, sold strength because they needed cash for redemptions after a depressed period in Indian equities.

So, while foreign funds were said to be buyers, Thursday's promise of a revised system of carry forward trading was only moderately rewarded, the BSE index rising 35.56 to 3,598.57 for a gain of 3.4 per cent on the week.

SEOUL broke the 1,000 barrier on aggressive buying by institutions, the composite index rising 13.01 to 1,002.06 for a rise on the week of 1.5 per cent.

MANILA recovered from a midsession correction to close with the composite index 22.54 higher at 2,640.77, a week's gain of 0.4 per cent.

BANGKOK bought blue chips, mainly financials, and the SET index rose 12.63 to 1,327.44, 2.5 per cent better on the week.

SHANGHAI B shares ended down on heavy selling in the market's second largest stock, Shanghai Tyre and Rubber, after poor interim results. The company's shares fell $0.004, or 1.3 per cent to $0.306 and the index lost 0.363, or 0.62 per cent at 58.211.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY OCTOBER 5 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY OCTOBER 4 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (82)	184.84	-0.6	173.17	117.38	137.43	151.74	0.0	4.02	185.86	174.20	118.72	138.79	161.72	191.01	157.95	166.42
Austria (26)	176.95	-0.8	167.64	113.64	133.04	132.98	0.4	1.74	177.44	166.32	113.34	132.91	133.23	[illegible]	[illegible]	180.65
Belgium (25)	192.73	-0.4	180.61	122.43	143.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	182.32
Brazil (28)	147.67	[illegible]	138.63	93.97	110.02	261.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Canada (100)	144.65	0.1	135.51	91.86	107.55	139.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	134.50
Denmark (33)	280.51	0.2	262.79	178.14	208.55	211.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	243.37
Finland (25)	249.21	[illegible]	233.47	158.26	185.28	224.61	-1.3	1.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	161.57
France (100)	172.45	[illegible]	161.56	109.51	128.21	134.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	162.04
Germany (58)	160.47	[illegible]	150.34	101.91	119.31	119.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	135.58
Hong Kong (55)	384.55	[illegible]	360.27	244.21	285.92	381.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	383.02
Ireland (16)	247.39	[illegible]	231.77	157.11	183.94	215.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	201.12
Italy (59)	74.92	[illegible]	70.19	47.58	55.70	93.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	79.12
Japan (483)	147.10	[illegible]	137.81	93.42	109.37	93.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	159.80
Malaysia (106)	483.86	[illegible]	453.31	307.28	359.75	472.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	563.33
Mexico (18)	1045.93	[illegible]	979.87	664.22	777.64	7480.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	217.41
Netherland (19)	259.25	[illegible]	241.94	164.00	192.01	188.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	208.11
New Zealand (14)	78.26	[illegible]	73.32	49.71	58.20	62.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.58
Norway (33)	232.16	[illegible]	217.50	147.43	172.61	198.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	196.50
Singapore (44)	376.18	[illegible]	352.44	238.90	279.70	247.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	393.12
South Africa (43)	355.08	[illegible]	332.66	225.49	264.00	264.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	311.60
Spain (38)	147.47	[illegible]	138.16	93.65	109.65	138.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	135.83
Sweden (48)	309.30	[illegible]	289.77	196.42	229.97	318.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	216.88
Switzerland (41)	216.44	[illegible]	202.77	137.45	160.92	154.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	160.26
Thailand (46)	167.18	[illegible]	156.63	106.17	124.30	163.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
United Kingdom (207)	227.08	[illegible]	212.74	144.20	168.82	212.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	191.02
USA (604)	238.52	[illegible]	223.45	151.47	177.34	238.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	185.26
Americas (650)	217.98	[illegible]	204.15	138.41	162.05	162.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Europe (739)	195.05	[illegible]	182.73	123.86	145.01	184.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	165.15
Nordic (139)	285.12	[illegible]	267.11	181.06	211.98	248.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	214.85
Pacific Basin (832)	157.78	[illegible]	147.82	100.20	117.31	103.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	188.08
Euro-Pacific (1571)	173.21	[illegible]	162.27	110.00	128.78	126.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	167.29
North America (604)	232.71	[illegible]	218.01	147.78	173.02	231.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	182.10
Europe Ex. UK (532)	174.18	[illegible]	163.18	110.61	129.50	150.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	147.69
Pacific Ex. Japan (349)	259.27	[illegible]	242.90	164.65	192.77	227.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	260.82
World Ex. US (1752)	174.16	[illegible]	163.16	110.60	129.49	126.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	169.18
World Ex. UK (2059)	180.65	[illegible]	169.24	114.72	134.31	145.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	171.80
World Ex. Japan (1783)	220.10	[illegible]	206.20	139.77	163.64	205.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	182.99
The World Index (2266)	183.83	0.3	161.59	123.08	144.11	161.84	0.1	2.27	193.23	181.12	123.45	144.29	161.43	194.25	165.92	173.51

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LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
ASDA	100	6	10½	12½	1	3½	5
(*105)	110	1	5½	8	9	8½	10
Allied Domecq	500	27½	36½	43	1	12½	17
(*525)	550	1½	9½	18½	25½	40½	44½
Argyll	330	17½	27	35	1	9	13
(*346)	360	1½	12½	19½	15½	25	28
BAA	460	32	42	52	-	6	9½
(*491)	500	3	17½	27½	11	22½	25½
Bass	650	11	27½	37½	6	28	34½
(*652½)	700	-	8½	18½	47½	62½	67
Boots	550	30	41½	54	1	9	14
(*578½)	600	1½	14½	27	22½	33½	38
Brit Airways	460	11½	26½	37½	6	18	22
(*465)	500	½	0	19½	35	41	45½
BP	460	20½	31½	37½	1	6½	14
(*476½)	500	1	19	17½	22	29	34
British Steel	160	14½	17	21	-	3½	5
(*174)	180	1	8	18	7	12½	14½
Cable & Wire	390	20	41½	52	½	9	13
(*418½)	420	8	24½	35	9½	21	25
Comm Union	550	36	51½	63½	1	9	19
(*584½)	600	3	22½	34½	18	28	43½
Courtaulds	380	20	30½	40	1	9	12
(*407½)	420	3	15½	24½	14	23½	27
Glaxo	750	28½	63½	68	2½	15	26½
(*776)	800	3½	28½	40	26	38	50½
HSBC 75p shs	800	34	69½	91	6½	27½	51
(*925)	800	8	42½	65½	30½	50½	76½
ICI	500	20	48½	59½	4½	18½	33
(*814½)	850	1½	21	34	36	45½	58½
Kingfisher	500	11	38	42½	7	19	30½
(*503½)	850	-	10	20	46½	50½	60
Land Secur	600	16½	30	42	2	13	18½
(*612½)	650	½	8½	18	37½	44	48
Marks & S	420	10½	22½	32	2½	10½	15½
(*427½)	460	-	6½	13½	32½	36	39
NatWest	500	25½	46½	53	2½	15	27½
(*621)	650	2	20½	28	30	40½	54½
PowerGen	500	46½	53	62½	-	6½	9½
(*544½)	550	6½	21½	34½	11½	25	28½
Reuters	550	13	34½	47	7½	20	30
(*552)	600	1	13	25	48	51½	58
Royal Insce	380	13	26½	36½	3½	13½	23½
(*369½)	390	1½	15	22½	21½	20	41
Sainsbury	420	14	24	32½	1½	8½	12
(*430½)	460	½	7	13½	29½	33	35
Shell Trans.	750	12	30	44	4½	12½	24
(*755½)	500	-	16	19½	43½	44	52
SmKl Bchm A	650	18½	32½	45½	6	23	30
(*654½)	700	-	12½	23	45½	53	58
Std Chartd	420	33½	60	60½	1	10½	19
(*452)	460	7	26½	38	13	27	37
Storehouse	300	0	18	24½	2½	10	13
(*305)	330	-	8	12	24	20	30
Thames Wtr	550	10	26½	39½	8	23½	29½
(*550½)	600	-	11	20½	49½	59½	63
Trafalgar	30	2	5½	7½	1	8	6½
(*31)	35	½	3½	6½	4½	9	9½
Unilever	1250	17½	45	67	8½	27	42
(*1255½)	1300	1½	22	42	44½	56½	69½
Zeneca	1150	36	77	100	9	43	64½
(*1162½)	1200	5½	52	76	37½	69½	90

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAT Inds	500	45½	60½	66½	2	9	16½
(*540)	550	11½	30	37	19	28	39
BTR	300	24	31½	35	1	4	8
(*321)	330	4½	13½	17	11½	18	22
Brit Aero	700	62½	84	94	8	18	26
(*749½)	750	30	53½	66	22½	37	46½
Brit Telecom	380	17	22	28	4½	11½	14
(*398½)	420	4	8	14	22	29½	31
Cadbury Sch	460	41½	54	58	1	6	11½
(*497)	500	11	27½	32½	12	20	27½
Eastern Elec	950	25½	20	27½	½	1	-
(*972½)	1000	1	½	-	27½	31	32
GEC	330	15½	23	30	3	8	10½
(*340½)	360	2	8½	15	20	24	26
Grand Met	420	22½	29	36	8	18½	21½
(*430)	460	6½	14	18	32	42½	44½
Guinness	500	24	38	43½	5½	12	20
(*520)	550	2½	14½	20	37	40½	46½
Hanson	191	19	14	-	2½	7½	-
(*198)	211	1	5	-	14	19½	-
Lasmo	160	8	13	14½	5	8½	10
(*160½)	180	½	5	8½	19½	21	22½
Ladbroke	160	10½	16	19	1½	5	7½
(*167½)	180	1½	8	9	13	15	18
Lucas Inds	200	8	15	19	8	12½	14
(*204)	220	2	7½	11	22½	25	26
P & O	460	28½	42½	47½	5	11	19½
(*477½)	500	9½	21½	28½	24	30½	41½
Pilkington	200	8	18	21	5	10	11
(*203)	220	1½	7½	12	18	22	22
Prudential	360	21	32	37½	5	11	18½
(*373½)	390	5½	18	22	20	25½	34
RTZ	900	31½	67½	67	13½	25	36
(*923½)	950	6	32	41½	42	50½	61½
Redland	360	21	31½	20½	4	11½	18½
(*378)	390	5½	18½	24	20½	26½	34
Rolls-Royce	160	16	21½	24	1	3½	6
(*175½)	180	3½	10	13	9	12½	15½
Tesco	300	22	30½	35½	2	8	10½
(*317½)	330	5	13½	18½	15	19½	24½
Utd Biscuits	260	16	25½	31½	5½	10	13½
(*273)	280	5½	15	21	15	20	24
Vodafone	260	10	17½	24	8½	14½	17½
(*260½)	280	3½	8½	15	21	26	29
Williams	330	7½	19	23½	7	11	16½
(*330)	360	1½	7	10½	30	31	35

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Natl	550	28½	40	43½	15½	29	34½
(*553½)	600	8	18½	22	48	80	64½
Amstrad	260	26½	32½	38	5½	10	12½
(*278)	280	14	21½	28½	14	18	21½
Barclays	700	64½	80½	87	6½	19	24½
(*748½)	750	31	48	57	23	39	46
Blue Circle	380	20½	29½	33½	7½	13	19½
(*308½)	330	7	15½	18½	24½	29	35½
British Gas	240	20	24½	27	3½	5	8½
(*259)	360	7½	13	16½	10½	13	18
Dixons	360	26	33½	42½	8	17	19
(*371½)	390	11½	19	27½	20	32½	34
Fisons	260	5	6½	4½	1½	2	2½
(*264)	280	-	½	-	17½	18	19
Forte	240	16	16	19	8	11½	15½
(*241½)	260	4	7½	10½	22	24	27½
Hillsdown	160	15½	18½	21	2	4½	8½
(*173½)	180	4	9½	18	11½	13	18½
Lonrho	160	12½	19	16	4½	7½	9
(*165½)	180	4	7	10½	16½	19	20
Natl Power	460	32	43	48	7	11½	17½
(*484)	500	10½	31	27½	26	30	36
Scot Power	330	35	38½	45½	4	7½	8½
(*357½)	360	15	20½	27	12½	19	20
Sears	110	5½	8	9½	4½	5½	7½
(*111½)	120	2	4	5½	11	11	13½
TSB	260	22½	28	33	5	11	13
(*274)	280	10½	15	22½	13	20½	23
Tarmac	90	7½	11½	13	4½	6½	9½
(*92½)	100	3½	6	8½	10½	12½	15
Thorn EMI	1460	77	107½	142½	27½	41½	49
(*1483½)	1500	51½	80½	114	50½	64½	69
Tomkins	240	17	22½	28	5	10½	11½
(*248½)	260	7½	14	18	15	18½	21½

* Underlying security price. Premiums shown are based on settlement prices.

October 6 Total contracts, Equity and Index options: 22,338 Calls: 10,205 Puts: 12,133

FT GOLD MINES INDEX

	Oct 5	% chg on day	Oct 4	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1951.83	0.0	1951.97	2232.40	1.92	-	2304.73	1637.91
■ Regional Indices								
Africa (16)	2710.65	+0.4	2708.28	3510.36	3.98	25.06	3711.87	2428.19
Australasia (6)	2355.63	-0.3	2362.30	2821.36	2.15	25.92	2951.49	1768.20
North America (12)	1673.65	-0.2	1676.49	1767.10	0.80	48.00	1831.00	1348.19

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RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	0	62	10	170	113	77
Other Fixed Interest	0	3	11	5	3	64
Mineral Extraction	79	62	88	312	397	436
General Manufacturers	90	180	405	637	577	2,064
Consumer Goods	47	58	120	273	238	516
Services	107	115	329	580	529	1,650
Utilities	14	27	17	101	96	93
Financials	100	79	239	411	467	1,212
Investment Trusts	102	64	422	414	458	2,168
Others	54	31	51	215	230	236
Totals	593	702	1,692	3,114	3,206	8,619

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	Sept 25	Expiry	Dec 21
Last Dealings	Oct 8	Settlement	Jan 2

Calls: Amstrad, Antonov, Gardiner Grp, MAID, Morrison Grp, Vaux. Puts: Eurotunnel.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div cov.	Grs yld	P/E net
50	F.P.	14.1	71	50	Consolidated Coal	64		-	-	-	-
-	F.P.	5.62	125	120	†Euro Sales Fin	125		-	-	-	-
-	F.P.	5.85	40	25	Hay & Robertson	39		v-	-	-	-
-	F.P.	11.9	80	68	†Inner Workings	71	-2	-	-	-	-
65	F.P.	16.9	89	84	Mayflower	88		Zv0.67	2.6	1.0	50.2
45	F.P.	17.8	61	52	†MultiMedia	61		v-	-	-	-
-	F.P.	19.3	105	100	Murray Vct	105		-	-	-	-
-	F.P.	5.43	88	70	†Omnicare	88		Hv1.5	4.0	2.1	14.6
-	F.P.	14.4	61	60	Pemberstone	60		v-	-	-	-
100	F.P.	30.6	104	99	Pictet British	102		-	-	-	-
400	F.P.	3.82	400	400	†Preston Nth End	400		v-	-	-	-
125	F.P.	13.2	133	6½	†SCS Satellite	128		-	-	-	-
149	F.P.	48.1	183	168	Universal Salvage	183	+2	Mv5.07	1.7	3.5	21.2
-	F.P.	-	½	½	Upton & Sthn Wts	½		-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1995 High	1995 Low	Stock	Closing price p	+or-
320	Nil	14/11	102pm	93pm	Alumasc	100pm	-2
105	Nil	24/11	17pm	5pm	Anglo-Eastn Plants	16pm	
16	Nil	28/10	2pm	1pm	Baris	1pm	
275	Nil	13/10	51pm	25pm	Close Brothers	37pm	+1
490	Nil	13/11	103pm	50pm	Forth Ports	103pm	
500	Nil	10/10	87pm	69pm	Johnson Matthey	81pm	
950	Nil	8/11	152pm	121pm	RMC	133pm	-5

pm premium.

FINANCIAL TIMES EQUITY INDICES

	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Yr ago	*High	*Low
Ordinary Share	2612.6	2625.4	2627.3	2613.7	2607.5	2310.4	2666.5	2238.3
Ord. div. yield	4.10	4.08	4.08	4.10	4.11	4.45	4.73	4.02
P/E ratio net	15.73	15.81	15.82	15.73	15.68	17.68	21.33	15.47
P/E ratio nil	15.54	15.62	15.63	15.55	15.46	17.43	22.21	15.25

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94, low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2628.9	2627.4	2621.5	2616.3	2615.7	2613.0	2609.7	2609.2	2612.5	2629.5	2605.2

	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Yr ago
SEAQ bargains	26,058	28,244	27,769	29,461	28,948	20,374
Equity turnover (£m)†	-	1944.5	1931.1	2033.2	1275.0	1420.5
Equity bargains†	-	33,251	33,675	35,794	34,796	24,506
Shares traded (m)†	-	778.8	775.3	580.4	465.3	474.2

†Excluding intra-market business and overseas turnover.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⏀ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £123½ ZZ123⅞ (29Se95)

Corporation and County Stocks

Birmingham Corp 3% Stk 1947(or after) - £32¼ (4Oc95)
Birmingham Corp 3½% Stk 1946(or after) - £37⅝ (4Oc95)
Croydon Corp 3½% Stk - £37⅝ (4Oc95)
Leeds Corp 3% Deb Stk 1927(or after) - £30 (2Oc95)
Leicester City Council 7% Ln Stk 2019(Reg) - £81⅞
Manchester Corp 3% Red Cons Stk 1928(or after) - £32¼ (4Oc95)
Manchester Corp 1881 3% Red Stk 1941(or after) - £32¼ (4Oc95)
Salford (City of) 7% Ln Stk 2019(Reg) - £81⅞

Foreign Stocks, Bonds, etc- (coupons payable in London)

Hungary.(Republic of) 7½% Stg Bds(Assd Lon 1988 Setl) - £40 (4Oc95)
Spain(Govt of) 4%(Sealed Bds) - £42¾ (4Oc95)
Abbey National Sterling Capital PLC8¾% Subord Gtd Bds 2004(Br£Vars) - £100 (2Oc95)
Abbey National Treasury Servs PLC 6% Ord Nts 1999(Br£1000,10000,100000) - £93.95 4⅛ (29Se95)
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £98.1 (4Oc95)
ASDA Group PLC 9⅝% Bds 2002(Br£1000&10000) - £105.09 (4Oc95)
Barclays Bank PLC 9.875% Undated Subord Nts - £102 (3Oc95)
Bradford & Bingley Building SocietyCollared FltgRteNts 2003(Reg Mult£1000) - £97¾
Bradford & Bingley Building SocietyCollared [illegible]

...

U-Ming Marine Transport Corporation1½% Bds 2001(Reg in Mult $1000) - $101 (29Se95)
Warburg(S.G.) Group PLC 9% Perp Subord Nts (RepNtsBr£) - £91
Woolwich Building Society 11⅝% Subord Nts 2001 - £112¼ (29Se95)
Yorkshire Electricity Group PLC 8⅝% Bds 2005(Br£Var) - £99.2 (2Oc95)
Credit Local De France $200m 6.25% Nts 26/4/98 - $100.4 (3Oc95)
Eurofima DM200m 6.75% Debt Insts 30/6/2000 - DM100.05 (4Oc95)
State Bank of New South Wales Ld 9% Bds 2002 (Br $A Var) - $A102.3 102.55 (2Oc95)

Sudwestdeutsche Landbank CapMktsPLC DM500m 7% Debt Inst 20/6/2005 - £44.302402 (2Oc95)
Swiss Bank Corporation £250m 8.75% Subord Bds 20/6/2005 - £100¾

Sterling Issues by Overseas Borrowers

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £114⅛
Bank of Greece 10⅜% Ln Stk 2010(Reg) - £101¼ (2Oc95)
Credit Foncier De France 14¾% Gtd Ln Stk 2007(Reg) - £145⅞⏀
European Investment Bank 9% Ln Stk 2001 (Reg) - £105¼ (4Oc95)
European Investment Bank 9½% Ln Stk 2009 - £107¾ ⅞ (29Se95)
European Investment Bank 10⅝% Ln Stk 2004(Reg) - £113⅝⏀
European Investment Bank 11% Ln Stk 2002(Reg) - £114⅞ 5½ (2Oc95)
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £108⅞
International Bank for Rec & Dev 11.5% Ln Stk 2003 - £119⅞ ⅛
Ireland 12½% Ln Stk 2008(Reg) - £129⅞ 30⅛
Petroleos Mexicanos 14½% Ln Stk 2006 - £109 (2Oc95)
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £100⅞ (3Oc95)
Spain(Kingdom of) 11¾% Ln Stk 2010(Reg) - £122⅞ (29Se95)
Sweden(Kingdom of) 9¾% Ln Stk 2014(Br) - £107 6 (3Oc95)
Transcanada Pipelines Ld 16½% 1st Mtg Pipe Line Bds 2007 - £148 (2Oc95)

Listed Companies(excluding Investment Trusts)

API Group PLC 3.85% Cum Prf £1 - 60 (3Oc95)

...

British-American Tobacco Co Ld 5% Cum Prf Stk £1 - 55 (4Oc95)
British-American Tobacco Co Ld 6% 2nd Cum Prf Stk £1 - 65 (4Oc95)
British Fittings Group PLC 5.5% Cnv Red Prf £1 - 65 (2Oc95)
British Petroleum Co PLC 8% Cum 1st Prf £1 - 90
British Petroleum Co PLC 9% Cum 2nd Prf £1 - 99 (4Oc95)
British Steel PLC ADR (10:1) - $27¾ .77
British Steel PLC 11½% Deb Stk 2016 - £124 ½ (3Oc95)
British Sugar PLC 10¾% Red Deb Stk 2013 - £116.6 7⅞ (3Oc95)

...

Wrexham Water PLC ... £38
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 - 183 (29Se95)
Xerox Corp Com Stk $1 - £82.5109⏀ 82.5109⏀
Yates(W.E.) Ld 7½% Cum Prf £1 - 63 (4Oc95)
York Waterworks PLC Ord 10p - 355 (2Oc95)
Yorkshire-Tyne Tees TV Hldgs PLC Wts to sub for Ord - 397 (4Oc95)
Yule Catto & Co PLC 11½% Cum Red Prf 1996/2003 £1 - 105
Zambia Consolidated Copper Mines Ld"B" Ord K10 - 05 100 (2Oc95)

Investment Trusts

BZW Endowment Fund Ld Redeemable Ord 1p - 108
Baillie Gifford Japan Trust PLC Wts to Sub Ord Shs - 22 (4Oc95)
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord - 75 (4Oc95)
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord 2006 - 53 (2Oc95)
Bankers Investment Trust PLC 10½% Deb Stk 2019 - £114 (29Se95)
British Empire Sec & General Trust 10⅓% Deb Stk 2011 - £111 (4Oc95)
Capital Gearing Trust PLC Ord 25p - 535
Danae Investment Trust PLC Wts to Subscribe for 1 Inc & 1 Cap - 48 (3Oc95)
Fidelity European Values PLC Equity Linked Uns Ln Stk 2001 - 155 (3Oc95)
Finsbury Smaller Co's Trust PLC Zero Div Prf 25p - 206 ½
Fleming Mercantile Inv Trust PLC 3.5% Cum Prf Stk £1 - 53 (2Oc95)
Gartmore British Inc & Grth Tst PLCZero Dividend Prf 10p - 131½ 2 2
Gartmore Shared Equity Trust PLC Geared Ord Inc 10p - 92
HTR Japanese Smaller Co's Trust PLCOrd 25p - 86½ 7 7 .04 ½
Hotspur Investments PLC Ord £1 - 430 (3Oc95)
JF Fledgeling Japan Ld Warrants to sub for Ord - 30 (4Oc95)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p Global Active Fund - £13.58 13.61 (29Se95)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Active Fund - £15.78 15.79 (29Se95)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10
Lazard Smaller Equities Inv Tst PLCCum Red Stepped Capped Prf £1 - 157 (3Oc95)
London & St Lawrence Investment PLCOrd 5p - 172½
MCIT PLC 6 Inc Shs 50p(Ptly Pd) - 36
MorganGrenfellLatinAmerCo's Tst PLCWts to sub for Ord - 26½ 7 (3Oc95)

...

USM Appendix

Alternative Investment Market

RULE 2.1 (a)(v)

Bargains marked in securities (not falling within Rule 2.1 (a)(i)) where the principal market is outside the UK and Republic of Ireland.

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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LONDON STOCK EXCHANGE

MARKET REPORT

Equities under heavy fire ahead of G-7 meeting

By Steve Thompson,
UK Stock Market Editor

The four-day advance by UK equities came to a grinding halt yesterday as European stock markets reacted violently to an early sell-off in bond markets. The weakness in bonds, bunds and gilts stemmed from another bout of extreme nervousness in foreign exchange markets, where the D-mark initially moved higher against the dollar and the French franc.

By the end of the session the turbulence in currencies and on the Paris bourse had mostly subsided, but by then the damage had been done.

London's FT-SE 100 index, which earlier in the week had begun to look as if it was about to made a strong advance towards its all-time high point, reached in the middle of last month, closed a net 17.9 lower at 3,526.5. The FT-SE Mid 250 index, meanwhile, was also on the retreat, ending the session 12.3 off at 3,979.0.

The rally in London mirrored a rapid recovery by Wall Street, which had been troubled at the outset by the nervousness surrounding currencies and ahead of this weekend's G-7 meeting in Washington.

Wall Street had initially moved sharply lower in the wake of the US employment report for September which showed non-farm payrolls for the month up 129,000, well below consensus estimates of around 150-160,000, and which had raised fears that the US economy was slowing faster than most forecasters had expected.

However, a gradual improvement in the dollar and in US treasury bonds triggered a sharp upward move by the Dow Jones Industrial Average which, having dropped around 20 points shortly after the opening, was trading some 10 points higher after London closed.

London opened the session virtually level, but helped by the latest takeover bid, the £500m-plus agreed offer from Greenalls for Boddington Group.

With no follow-through in a market being affected by the sustained weakness of other leading European bourses, London began to attract intermittent bouts of selling pressure and was also said to have been unsettled by talk of a trading programme.

At its worst, just before Wall Street opened, the FT-SE 100 was down 29 points, before it embarked on its recovery trend.

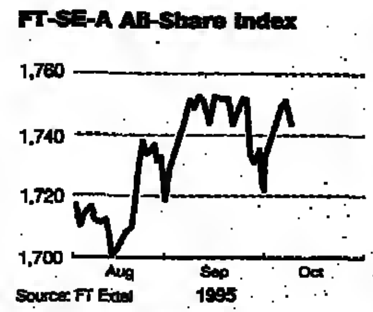
Marketmakers were unhappy with the performance of the leading atocks and forecast a turbulent week ahead. The Conservative Party Conference gets underway in Blackpool on Monday morning and the market will also have to negotiate a long list of important economic news both here and across the Atlantic.

"What we really need to get the market up and running again is a big FT-SE bid," said one weary marketmaker. Others insisted, however, that the utilities areas would provide continuing excitement for the market next week.

Of the remaining recs East Midlands and Yorkshire are seen as prime targets in a shrinking electricity sector.

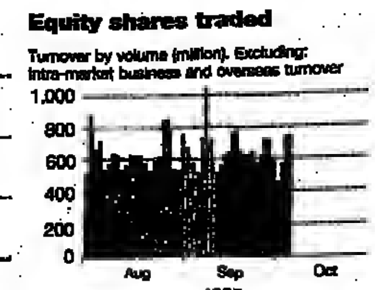
Turnover reached 666m shares, non-FT-SE stocks accounting for 62 per cent of that figure. Customer business on Thursday was worth £1.94m.

FT-SE-A All-Share index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE Mid 250	3979.0	-12.3
FT-SE-A 350	1763.4	-8.1
FT-SE-A All-Share	1743.38	-7.37
FT-SE-A All-Share yield	3.83	(3.81)
FT Ordinary index	2612.9	-12.5
FT-SE-A Non Fins p/e	17.07	(17.14)
FT-SE 100 Fut Dec	3551.0	-19.0
10 yr Gilt yield	8.05	(8.04)
Long gilt/equity yld ratio:	2.19	(2.19)

FT-SE 100 Index

Closing index for Oct 6	3526.5
Change over week	+18.3
Oct 5	3544.4
Oct 4	3544.1
Oct 3	3524.2
Oct 2	3520.2
High*	3555.3
Low*	3502.7

*Intra-day high and low for week

TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing price	Day's change
3i	1,000	414	+3
ASDA Group†	3,400	105	-½
Abbey National†	2,400	554	
Albert Fisher	887	53	
Allied Domecq†	1,800	525	-1
Anglian Water	500	596	-2
Argos	412	498	-4
Argyll Group†	4,100	346	
Arjo Wiggins†	829	249½	-2½
Assoc. Brit. Foods†	62	693	
[illegible]			
Lonrho	1,500	165½	-½
Lucas	3,200	204	-1
MEPC	501	391	-2
MFI	6,400	144	+6
Manweb	695	1005	+10
Marks & Spencer†	2,400	427½	-1
Mercury Asset Man	369	926	-2
Midlands Elect.†	1,900	967	+3
Morrison (Wm.)	209	162	
[illegible]			

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures moved *lower but on the week the* FT-SE 100 December contract managed to close with a net gain of 15 points, *writes Jeffrey Brown*.

At the close of pit trading the December contract stood at 3,551, a decline of 19 points. The premium to the cash market was 25 points or four points short of fair value estimates.

By Friday standards, trading in the futures pits was heavy. Volume totalled close on 12,000, against an average of *less than 8,000 over the first* four days of the week.

Stock options had another busy day. Hanson was the most active with 1,537 lots traded and a clutch of retailers were also in the thick of the action. Sainsbury and Storehouse both topped 1,000 lots while Tesco traded 720 lots.

Total traded option bargains were 22,000 with call and put business fairly evenly matched.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3571.0	3551.0	-18.0	3578.0	3532.0	12418	62734
Mar		3584.0	-18.0			0	2303
Jun		3588.0	-18.0			0	134

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		4005.0	-15.0			0	3538

■ FT-SE 100 INDEX OPTION (LIFFE) (*3526) £10 per full index point

	3350	3400	3450	3500	3550	3600	3650	3700
[illegible]								

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3375	3425	3475	3525	3575	3625	3675	3725
[illegible]								

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 30 1994 based on Friday October 6 1995

[illegible]	

Oil price worries hit leaders

Oil price worries took a broad swipe at the sector, depressing share prices of the integrated majors and exploration groups.

Brent Blend showed signs of stabilising yesterday, but a bearish note from SGST looked to pave the way for a nervous run-up to the third quarter results season. The big US oil groups start reporting on October 23 while BP and Shell weigh in early next month.

Both BP and Shell came off steeply, falling 6 apiece to 479p and 757p respectively. Among exploration groups LASMO dipped 3 to 161p and Hardy Oil shed 4 to 191p in spite of a strong buy recommendation from NatWest Securities. Enterprise Oil closed 6 lower at 341p. Sector bulls NatWest Securities have been trimming their oil price estimates lately, but are still going for $19 a barrel in 1996. SGST take a more negative view of demand and supply trends, notably in relation to the possible re-emergence of Iraq as a producer nation. The broker is looking for $16.50 a barrel in 1996 and $15 in 1997.

Aran Energy, currently fending off a £161m bid from US oil giant Atlantic Richfield, stood out against the general downtrend, jumping 5¾ to 72¾p in 6.1m traded after the group claimed to have received an approach from a third party.

Enterprise, which has its LASMO stake disposal money to spend, and Hardy were the hot tips for possible "white knight". Statoil of Norway was also mentioned by some dealers.

GEC hits high

Electronics giant GEC continued to impress, closing a strong week at the top of the Footsie performance charts with a gain of 5¾ to 339½p, a new 1995 high and the shares' best level since February 1994.

Buoyed by rumour and counter rumour linked to the long-running management succession story, GEC has put on 7 per cent over the past five days and been heavily dealt throughout each session. If there is a consensus in the City, it would probably suggest that outside appointments sometime next year to replace Lord Prior and Lord Weinstock currently hold sway over the serious betting.

Some houses, concerned about the outlook for corporate *earnings, have begun to steer* clients towards defensive, low-growth stocks with cash heavy balance sheets.

Turnover in bid target Fisons had reached 23m by the close making it the day's most actively traded stock. The shares edged ½ forward to 264p.

Earlier in the session, the drugs group, currently under siege from US group Rhone-Poulenc Rorer, said that it had asked London stock market regulators to investigate the heavy trading in its shares. The company said the trading may have led to the creation of a false market. Fisons admitted RPR now holds just under 17 per cent of Fisons Ordinary shares.

However, one close observer of the bid said: "Frankly I think this is a bit of bluster on the part of Fisons." He added: "From what I can see, investors are slowly starting to accept the Rhone-Poulenc Rorer offer even though they are doing it grudgingly."

Volume in WH Smith Group jumped to 14m. Cazenove, the company's broker, was said to have bought a block of around 7m shares at 359p and placed the stock with several investors. The shares fell 6½ to 361½p.

The group holds its annual meeting later this month and several brokers have downgraded profit expectations at the company in recent sessions ahead of the meeting. The list of downgrades included that from UBS which trimmed its current year estimate by £5m to £95m.

MFI Furniture was in demand following an analysts' visit to France hosted by the company on Thursday. The shares added 6 to 144p. Broker's recommendations helped boost Storehouse which published a trading statement on Thursday. The shares hardened 2 to 306p.

In the drinks sector, Greenalls Group was the day's worst performer in the FT-SE Mid 250, as it launched an agreed £518m bid for Boddington Group, the pubs, hotels and nursing homes company. The offer values each Boddington share at 412p.

Shares in the former closed 26¼ down at 462p, while the latter surged 31½ to 389½p to end the session as the best performer in the Mid-cap index. Volume rose to 5.5m.

One analyst said: "This deal makes good strategic sense for Greenalls."

The positive sentiment flowing from the bid for Boddington helped boost trading in several other stocks in the sector. Greene King appreciated 4 to 637p, while Morland firmed 5 to 520p. Regent Inns put on 4 to 604p. However recent bid speculation heard in Vaux Group faded yesterday leaving the shares trailing 11 to 289p.

Among banking stocks, Royal Bank of Scotland continued to benefit from positive sentiment at a banking conference held Merrill Lynch on Thursday. The shares gained 4 to 464p.

Bank of Scotland followed the market lower easing 2 to 228p. The group held a presentation at BZW on Thursday and the investment bank remains a fan of the stock.

British Gas finished as worst performing Footsie stock in 10m traded. One big seller was said to have done most of the day's damage. The shares closed 6½ lower at 258½p. Sentiment was also affected by a note from NatWest Securities which helped investors refocus on the debate over the renegotiation of the group's long-term gas contracts.

Among publishers, United News and Media stayed in demand, putting on a further 7 to 545p. Both Panmure Gordon and Smith New Court have turned positive on the shares which have added 16 in two days.

SNC have turned buyer on the improved outlook for advertising revenues in 1996 with the possible sale of a national newspaper – the group owns the Express and Star titles – adding further spice.

Media conglomerate Pearson dipped 10 to 593p and Reuter, which is to make a presentation in China next week, lost a penny to 552p. The information giant will spend Monday and Tuesday unveiling its emerging markets strategy to audiences in Shanghai.

Floated at 115p, Edinburgh-based builder Morrison Group made a good debut, closing at 118p in 1.6m traded.

Dealers were bracing themselves for another bout of takeover activity in the regional electricity stocks.

Last week saw bid action in Norweb, where the Texas twins, Houston Industries and Central & South West topped North West Water's bid, and in Southern Electricity where National Power launched an agreed offer.

Of the remaining stocks East Midlands, 3 cheaper at 894p yesterday, and Yorkshire Electricity, marginally easier at 913p, are viewed as prime targets.

MARKET REPORTERS:
Steve Thompson,
Jeffrey Brown,
Joel Kibazo.

NEW HIGHS AND *LOWS FOR 1995*

NEW HIGHS (107).
BANKS, RETAIL (1) Bank Ireland, **BREWERIES (5)** Boddington, Greene King, Regent Inns, Vaux, Wetherspoon (JD), **BLDG MATLS & MCHTS (2)** Kingspan, Wickes, **CHEMICALS (1)** Gibbon, **DISTRIBUTORS (5)** Acal, Brammer, Ideal Hardware, Persons, Trifast, **ELECTRICITY (1)** Northern Ireland, **ELECTRNC & ELECT EQUP (5)** Amstrad, GEC, Prescec, TDK, Vtech, **ENGINEERING (8)** Carclo Eng, Expamet Int'l, Meggitt, Powerscreen Int'l, Protean, Renshaw, Severfield-Reeve, Vinten, **ENG, VEHICLES (1)** Laird, **HEALTH CARE (4)** Healthcall, London Int'l, M.L. Labrs, Seton Healthcare, **INSURANCE (5)** **INVESTMENT TRUSTS (12) LEISURE & HOTELS (5)** Boosey & Hawkes, Compass, Famingford, Groupe Chez Gerard, Toy Options, **LIFE ASSURANCE (3)** Legal & General, Lloyds Abbey Life, Utd Friendly B, **MEDIA (5)** Chime Communications, Dorling Kindersley, EMAP, Gold Greenlees Trott, MAID, **OIL EXPLORATION & PROD (3) OTHER FINANCIAL (5) PAPER, PACKG & PRNTG (1)** Cradley, **PHARMACEUTICALS (3) PROPERTY (3)** Derwent Valley, HK Land, Peel, **RETAILERS, FOOD (1)** Watson & Philip, **RETAILERS, GENERAL (4)** Alexon, Hamleys, Kingfisher, MFI, **SUPPORT SERVS (8) TRANSPORT (1)** Clarkson (H), **WATER (2)** Anglian, Severn Trent, **AIM (1)** Floral Street, **AMERICANS (3) CANADIANS (2).**
NEW LOWS (52).
GILTS (1) BREWERIES (1) Gibbs Mew, **BUILDING & CNSTRN (6)** Countryside Props, Fairbriar, Lovell (YJ), Meanders (J), Morrison Cnstr, Prowting, **BLDG MATLS & MCHTS (5)** Blockleys, British Dredging, Ennemix, Lafarge Coppee, Spring Ram, **DISTRIBUTORS (1)** Ronson, **DIVERSIFIED INDLS (2)** Hanson, Do Wma, **ELECTRICITY (1) ENGINEERING (2)** Femum, Rosspur, **EXTRACTIVE INDS (3) FOOD PRODUCERS (1)** SeaPerfect, **GAS DISTRIBUTION (1)** British Gas, **HEALTH CARE (2)** Enviromed, Goldsborough Hth, **INSURANCE (2)** Fenchurch, Windsor, **INVESTMENT TRUSTS (4) INVESTMENT COMPANIES (1) LEISURE & HOTELS (1)** Magnolia, **MEDIA (3)** Holmes Marchant, Sunset & Vine, Tele-Cine Cell, **OIL EXPLORATION & PROD (2) PROPERTY (2) RETAILERS, GENERAL (2) SUPPORT SERVS (1)** Wakebourne, **TEXTILES & APPAREL (2)** Allied Textile, Martin Int'l, **TRANSPORT (2) AIM (4).**

■ **CHIEF PRICE CHANGES YESTERDAY**

London (Pence)

Rises			
Aran Energy	72¾	+	5¾
Azlan Group	420	+	70
Bakyrchik	198	+	13
Boddington Grp	389½	+	31½
Fine Decor	175	+	10
London Clubs	430	+	14
MAID	274	+	23
Meggitt	86	+	5
Misys	620	+	28½
Oceana Cons	128	+	13
Persona Grp	306	+	46
Wickes	136	+	6
Falls			
Gieves Group	62½	-	6½
Greenalls Grp	462	-	26
Jourdan (Thos)	32	-	4
Martin Int	22	-	4
Ronson	46	-	5
Superscape VR	391	-	16
TeleWest Comm	185	-	6
Vaux	289	-	11
Waterhouse Grp	53	-	5

FT - SE Actuaries Share Indices — The UK Series

[illegible]	

■ **FT-SE Actuaries All-Share**

[illegible]	

■ **Hourly movements**

[illegible]	

■ **FT-SE Actuaries 350 Industry baskets**

[illegible]	

FT - SE Actuaries Share Indices - Quarterly Valuation

[illegible]	

† Figures rounded due to slight pricing inconsistencies.

LONDON SHARE SERVICE

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

LEISURE & HOTELS - Cont.

OIL, INTEGRATED - Cont.

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

AIM - Cont.

OTHER FINANCIAL

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

OIL EXPLORATION & PRODUCTION

PROPERTY

OIL, INTEGRATED

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£31¾	– –	£34	£29	2,109	2.6	ϕ
Barlow	♣	£7¼	– –	£7¼	£4⅞	1,449	1.3	26.7
Gold Flds Prop R		142xd	– –	133	118	14.5	7.3	6.5
MK Props		98	– –	95	85	3.48	13.5	-
SASOL	♥	514	– –	648	435	3,009	2.6	-
SA Brews		£19⅞	– –	£20	£17¾	5,670	1.7	ϕ
Standard Bank		£21⅞	+½	£23⅛	£20⅞	2,550	2.1	15.1
Tiger Oats		815	– –	860	700	1,376	1.6	22.3
Tongaat-Hulett	‡†	769	– –	835	636	713.6	1.8	23.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ‑ Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ⁑ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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FINANCIAL TIMES
Weekend October 7/October 8 1995

Belgian court requests permission to indict Claes on corruption charges

Nato chief faces pressure to quit

By Emma Tucker and Caroline Southey in Brussels

Claes: fresh resignation call

Mr Willy Claes, the secretary-general of Nato, was expected to come under new pressure last night to resign after Belgium's highest court requested permission from parliament to indict him on corruption charges.

The news could unsettle the 16-nation defence alliance which is at the centre of attempts to negotiate a peace settlement in Bosnia.

Mr Claes was attending a meeting of Nato defence ministers in Williamsburg in the US yesterday on the Bosnia crisis.

The public prosecutor in Belgium wants to charge Mr Claes in connection with a political scandal involving kickbacks for military contracts, Belgium's highest court announced.

The public prosecutor will show his evidence to a special parliamentary committee on Monday, which will decide whether Mr Claes should face the charges of bribery which implicate him in the so-called Agusta scandal.

This centres on allegations that the Italian defence manufacturer offered bribes to Socialist politicians to secure a government contract for 46 helicopters.

Mr Claes, Belgium's economic affairs minister at the time Agusta sold the helicopters to the Belgian army, was one of two ministers to sign the contract.

Under Belgian law, ministers and former ministers can only be prosecuted with the permission of parliament. If parliament gives the go-ahead then the pressure on Mr Claes to resign could become overwhelming. A decision is likely before the end of next week.

A Nato spokesman said last night there was no comment from the alliance. Officially, Nato has always said that the investigation involving Mr Claes was a domestic Belgian affair and had nothing to do with his role as head of Nato.

But Nato members were divided in their support for Mr Claes earlier this year when he was first implicated in the affair. The US offered the secretary-general unconditional support, while Denmark and the Netherlands believed he should step down until the affair had been cleared up.

Mr Claes has always maintained his innocence, but has admitted discussing the matter of the illegal payments with the treasurer of the Socialist party.

The scandal has already led to the resignation of four Belgian ministers, including Mr Frank Vandenbroucke, who was foreign minister, earlier this year.

Ritz sold to Barclay twins for $120m

By Tim Burt and David Wighton

The Ritz, the historic London hotel patronised by royalty and used as a wartime refuge for foreign governments, was yesterday sold to David and Frederick Barclay, the reclusive UK property tycoons, for £75m ($120m).

The twins, who own The European newspaper and other hotels in London, Monaco and New York, have acquired the famous hotel from Trafalgar House, the troubled industrial conglomerate.

A spokesman for the Barclays said the deal fulfilled a 30-year ambition to own the Ritz. It was unclear, however, whether they would honour a management contract signed between Trafalgar and the Mandarin Oriental Hotel Group, which has been running the Ritz since May last year.

"They've been successful running other businesses and they will manage the Ritz their way," the spokesman added.

The hotel was the main venue for London's café society, before hosting refugee royal families during the second world war. In more recent years, it has boasted celebrities such as the Rolling Stones and Andy Warhol as regular guests.

For Trafalgar, which in 1976 paid £2.75m for the Ritz, the hotel represented a non-core business and its disposal marked the group's withdrawal from the sector after almost 20 years.

In 1993, Trafalgar wrote down the Ritz's value in its balance sheet to £60m, so the sale will generate a profit of £15m, helping to shore up the group's deteriorating finances. It has already sold its other hotels, including the Stafford and Dukes in London. Although the Ritz made operating profits of £3.78m in the year to September 30, its contribution has failed to offset mounting losses elsewhere at Trafalgar.

The group is expected to report heavy losses for the year ending this month after an interim loss of £48m.

Analysts believe a large outflow of cash would have left Trafalgar with borrowings of more than £200m before taking the Ritz proceeds into account.

There was speculation yesterday that by strengthening the balance sheet, the sale might allow Trafalgar to write down the value of its Cunard cruise line. The group is currently conducting a strategic review of Cunard, expected to be completed later this year.

Funds raised by the Ritz disposal may also reduce the risk that Trafalgar will pass the dividend on its convertible preference shares, which would save it £26m. The preference shares rose 3p to 51½p while the ordinary shares added 1p to 31p in relatively heavy trading.

Reclusive twins' privacy their most valuable asset, Page 6
Impeccable connections given a premium rating, Page 6
See Lex

Brussels agrees to extend ban on export of cheap EU drugs

By Motoko Rich in London, Emma Tucker in Brussels and Judy Dempsey in Berlin

The European Commission bowed to pressure from the pharmaceutical industry yesterday and extended until the end of the year a ban on the export of lower-priced Spanish and Portuguese drugs to other EU countries.

Responding to appeals from the French and German governments, the Commission also said it would consider further possible protection for individual EU states which asked for safeguards. Such countries would have to prove cheap imports from Spain and Portugal would cause "grave damage" to their domestic pharmaceuticals industries.

Northern European countries fear that if the bans are lifted, wholesalers will buy drugs in the Iberian countries, where prices are cheaper, and import them to the northern countries where they can usually be sold at higher prices.

The import restrictions date back to the accession of Spain and Portugal to the EU in 1986, when the two countries were forbidden to export drugs to other EU states because they lacked adequate patent laws. The bans affected both drugs made in Spain and Portugal or previously imported into those countries.

Although both states have since passed patent laws, the Commission extended the controls after pressure from drugs companies in northern Europe.

The bans were widely expected to expire today. However, the clauses covering drugs in EU accession treaties for Spain and Portugal are ambiguous, with some of the language suggesting the rules were intended to stay in force until the end of the year.

Although a majority of Commission members this week believed the treaty's drafters intended an early expiry to the ban, they yesterday agreed to accept the alternative interpretation. Diplomats said the Commission had done this to accommodate the French and German demands without appearing to change the deadline.

Germany said yesterday it intended to lobby Brussels for further safeguards after December 31 and France is expected to do the same. Last night the UK government lodged a similar appeal.

However, the Commission yesterday said France and Germany would have to show severe economic difficulties would result from a decision to allow the Spanish and Portuguese exports in. "The Commission does not consider that it has sufficient evidence to evaluate this yet," said a Commission official.

The German pharmaceuticals association claims its domestic industry will lose up to DM2bn ($1.4bn) in sales when non-patented products from Spain and Portugal are sold to the rest of the EU. In the UK, the industry estimates its annual losses could reach $100m.

Eurotunnel posts loss

Continued from Page 1

standstill period can run for up to 18 months.

The company's opening position is to seek a reduction in interest payments, currently piling up at a rate of about £60m a month, and an extension in the maturity of its debt. However, analysts still believe that the discrepancy between revenues and interest payments is so large that major surgery such as a debt-for-equity swap will ultimately prove unavoidable.

Sir Alastair claimed that there was no danger that the banks would not have their principal repaid.

Mr Graham Corbett, Eurotunnel's finance director, said in Paris that the company was considering issuing new financial instruments to raise new capital, such as the possible use of convertible bonds.

The company yesterday forecast that 1995 revenues would be £275m, against £525m predicted in its 1994 rights issue prospectus. Eurotunnel shares closed up ½p at 92½p.

THE LEX COLUMN

Le shareholder shuttle

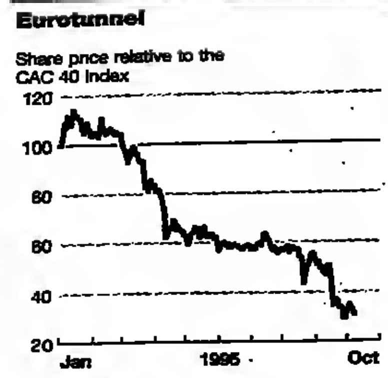
Call it a debt-for-equity swap or a deeply-discounted rights issue underwritten by the banks. Or invent some other clever mechanism for reducing debt and increasing equity. The exact method used to refinance Eurotunnel's £8.5bn ($13.2bn) debts is of secondary importance. Whatever happens, existing shareholders cannot expect to end up with more than crumbs.

Few analysts do proper discounted cash flow analyses of Eurotunnel any longer. But even optimists agree that the project's net present value is less than its £8.5bn debts; pessimists think it is less than £4bn. But, if the project's value is anywhere within the £4bn-£8bn range, the interest theoretically attributable to shareholders is nil. That does not mean shareholders will, in fact, end up with nothing. The banks are reluctant to take the extreme measure of tipping Eurotunnel into bankruptcy. But equally, it is hard to see them accepting a substantial devaluation of their loans while shareholders continue to hold equity with a market value of over £800m. Shareholders will be lucky to be left with more than half.

If the prospects for shareholders are grim, the outlook for banks is probably not as dire as the secondary debt market – where Eurotunnel loans trade at about half face value – suggests. Assume the project's net present value is £6bn – in the middle of the £4bn-£8bn range – and that existing shareholders receive an economic interest worth £400m after refinancing. On that basis, the bank's notional £8.5bn debt is actually worth £5.6bn, or two-thirds of face value. Gutsy investors would sell the equity short and buy the debt.

FT-SE Eurotrack 200: 1524.49 (-17.08)

Eurotunnel



Source: FT Extel

Trafalgar House

The sale of the Ritz is a triumph for fans of trophy assets. Trafalgar House has been much criticised for the £60m at which it valued the hotel in its balance sheet. But like newspapers and football clubs, the value of top hotels has little to do with economics. Yesterday's £75m disposal price equates to £575,000 a room, well above the £300,000 a room at which most of London's other five-star hotels are valued.

The proceeds will certainly help the ailing conglomerate's finances. With engineering and construction bleeding cash, Trafalgar probably finished its financial year to September with debts of around £250m. The market has been speculating that the group will pass the dividend on its preference shares to save their £26m cost and this has driven their yield up to 15 per cent. That looks less likely now. Given that dividends would accumulate in any case, the preference shares look a bargain.

But risks remain. Trafalgar is overhauling its Cunard cruise ship division, which could lead to a write-down of Cunard's £300m balance sheet value. Further provisions are also possible. The key question is to what extent Hongkong Land would support Trafalgar in any new crisis. Hongkong Land is unlikely to walk away entirely, but it might force a break-up. Unless management pulls off more disposals like the Ritz, a forced sale of assets would not do much more than cover repayment of preference capital. That would leave little for ordinary shareholders.

Greenalls/Boddington

Having followed near-identical strategies, pub retailers Greenalls and Boddington were bound to make a good fit. But the promised cost savings from Greenalls' latest acquisition exceed all expectations. Greenalls promises to save £18m a year from the deal – equal to 60 per cent of Boddington's 1994 profits. Much of the benefit comes from merging their wholesaling operations and removing its head office. The acquisition should therefore have no impact on earnings, excluding reorganisation costs.

The enlarged Greenalls will have 4 times interest cover. But debt should fall steadily. Boddington's retirement home business alone could fetch £70m. Besides, group capital expenditure will amount to some £140m next year, with only £40m required to maintain the existing pub and hotel portfolio. Management can slow the investment programme if a miserable British summer hits beer sales and cash flow.

The Boddington acquisition is a useful £480m insurance policy. With a shrinking number of British brewers, size will become more important for pub owners negotiating competitive beer supply contracts. Smaller high quality pub retailers are likely to be swallowed to build up buying muscle. But life could become difficult for smaller owners of tenanted pubs. They are less likely to become bid targets, because they cannot be integrated into a branded pub network. And without buying muscle, their margins will be squeezed.

Mutual insurers

The conversion of building societies to banks has been a bonanza. Is there a similar windfall to be gained from the conversion of mutual life companies? If one extrapolated from the £100 General Accident is paying to each policy-holder to take over Provident Mutual, the answer would be no. But it would be a mistake to view this as a precedent.

The meagre bonus is a reflection of the fact that Provident's back is against the wall. Poor investment performance and a sharp drop in new business have virtually eroded its surplus funds. Its free asset ratio is only 0.6 per cent, against the 4 per cent or so its peers enjoy. In order to raise this cushion to a more acceptable level, General Accident is having to inject £145m into the fund.

Some argue that policy-holders would fare better if Provident closed the fund to new business. That would certainly allow marketing costs to be slashed. But as policies matured, the continuing administrative costs would weigh ever more heavily on remaining policy-holders. Moreover, without a decent surplus, the fund would have to employ an excessively defensive investment strategy. The prospects of profits would be limited. Since closing the fund is not a real option, Provident's policy-holders are lucky to get a bonus at all. But that does not mean other mutual investors will have to settle for such paltry sums. If investment performance is strong and surpluses are fat, they too can expect good payouts.

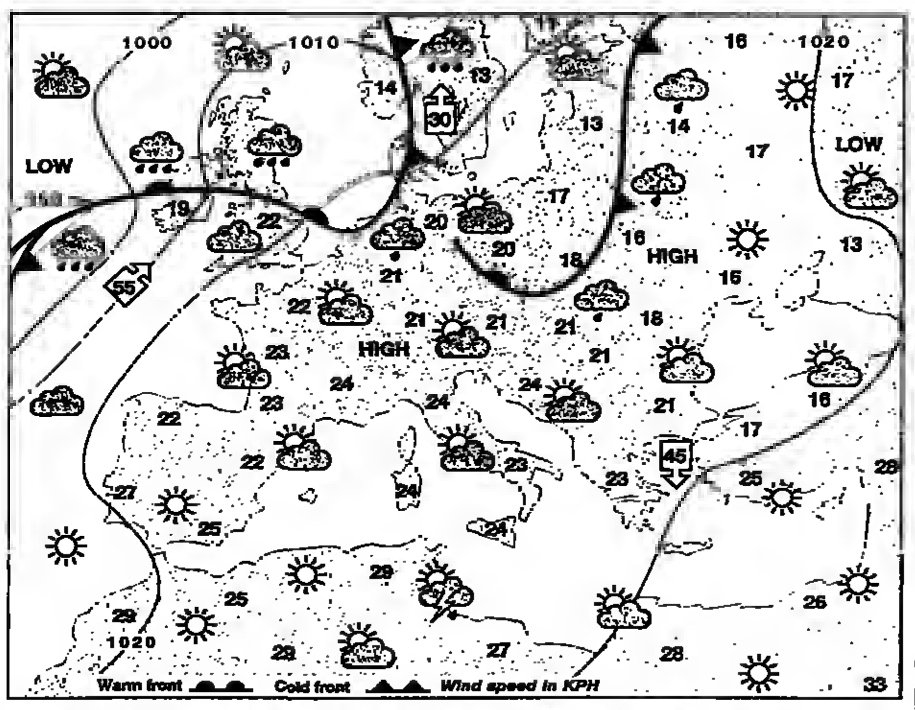
FT WEATHER GUIDE

Europe today

Cloud and rain will dominate the UK and western Scandinavia due to low pressure along a frontal zone. This depression will also cause cloud and patchy rain in the Netherlands and northern Germany. France and the countries around the Alps will remain dry with sunny periods. Most of Spain will be very sunny. Cloud will linger from north-western Russia towards the Balkan countries due to an old frontal zone. However, these regions will remain dry due to high pressure over central and eastern Europe. Cooler air will move around this area of high pressure and afternoon readings in south-eastern Europe will be around 20C.

Five-day forecast

The Benelux, France and Germany will be dry and sunny because of high pressure over continental Europe. Countries around the Alps will also be very sunny with temperatures of around 20C. Meanwhile, depressions will cross the UK heading for Scandinavia. As a result, cloud and rain will linger over northern and western parts of the UK. Thundery showers will break out next week over Romania, the former Yugoslavia and parts of Italy.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	20	Caracas	fair	32	Faro	sun	26	Madrid	fair	25	Rangoon	shower	31
	Celsius		Belfast	rain	17	Cardiff	rain	19	Frankfurt	fair	21	Majorca	fair	26	Reykjavik	shower	8
Abu Dhabi	sun	35	Belgrade	fair	25	Casablanca	sun	26	Geneva	fair	21	Malta	thund	25	Rio	fair	29
Accra	fair	30	Berlin	fair	21	Chicago	fair	14	Gibraltar	sun	26	Manchester	rain	20	Rome	fair	24
Algiers	fair	27	Bermuda	fair	27	Cologne	cloudy	20	Glasgow	rain	15	Manila	shower	30	S. Frsco	fair	23
Amsterdam	cloudy	20	Bogota	shower	20	Dakar	fair	32	Hamburg	drzzl	20	Melbourne	fair	15	Seoul	fair	22
Athens	sun	24	Bombay	cloudy	32	Dallas	sun	27	Helsinki	fair	12	Mexico City	sun	21	Singapore	shower	31
Atlanta	fair	26	Brussels	cloudy	20	Delhi	fair	35	Hong Kong	rain	30	Miami	fair	31	Stockholm	fair	14
B. Aires	shower	21	Budapest	shower	21	Dubai	sun	37	Honolulu	fair	30	Milan	fair	23	Strasbourg	fair	20
B.ham	rain	20	C.hagen	drzzl	16	Dublin	rain	18	Istanbul	sun	20	Montreal	rain	15	Sydney	fair	21
Bangkok	shower	33	Cairo	sun	29	Dubrovnik	fair	24	Jakarta	fair	32	Moscow	fair	15	Tangier	sun	28
Barcelona	fair	23	Cape Town	rain	19	Edinburgh	rain	15	Jersey	drzzl	15	Munich	fair	21	Tel Aviv	sun	30
									Karachi	sun	33	Nairobi	cloudy	25	Tokyo	fair	21
									Kuwait	sun	38	Naples	fair	26	Toronto	cloudy	16
									L. Angeles	sun	27	Nassau	shower	31	Vancouver	fair	14
									Las Palmas	sun	26	New York	cloudy	24	Venice	fair	22
									Lima	cloudy	20	Nice	fair	23	Vienna	fair	20
									Lisbon	sun	24	Nicosia	sun	25	Warsaw	cloudy	19
									London	drzzl	22	Oslo	rain	15	Washington	cloudy	26
									Lux.bourg	cloudy	19	Paris	fair	24	Wellington	fair	14
									Lyon	fair	21	Perth	fair	24	Winnipeg	fair	12
									Madeira	fair	24	Prague	cloudy	19	Zurich	fair	21